



Department for Levelling Up,
Housing & Communities

Lee Rowley MP
*Minister for Housing, Planning and Building
Safety*

**Department for Levelling Up, Housing and
Communities**
2 Marsham Street
London
SW1P 4DF

All Local Authority Leaders in England
Via email

20 December 2023

Dear Leader,

2024/25 New Homes Bonus Provisional Allocations & Future of the Scheme

As part of the Local Government Finance Settlement for 2024/25, the Secretary of State announced on a further round of New Homes Bonus allocations for the 2024/25 financial year on 5 December. I am writing to let you know that the provisional allocations for 2024/25 were published on Monday.

These allocations are calculated in line with the methodology used in the 2023/24 settlement and are provisional, to allow local authorities to review the data used in the calculation.

The allocations will total c.£291.4m for English local authorities in 2024/25. Taken together with instalments from previous years, this brings the total amount of funding awarded under the New Homes Bonus to c.£10.6bn. The total number of net additional homes rewarded over the period since the New Homes Bonus was introduced is over 2.7m. This includes funding for over 680,000 affordable homes.

The provisional allocations have been announced as part of the Local Government Finance Settlement and details of your authority's allocation can be found at:

<https://www.gov.uk/government/publications/new-homes-bonus-allocation-table-provisional-local-government-finance-settlement-2024-to-2025>.

Provisional Allocations Representations

Local authorities have until 15 January 2024 to make representations on the provisional allocations before final allocations are confirmed later in the new year. Details can be found in the Annex to this letter and representations should be sent to newhomesbonus@levellingup.gov.uk for consideration. **Any representations not sent to this address may not be included in the representations process.** I am also writing on this basis to your local authority's Chief Executive.

Future of the New Homes Bonus

The Government recognises the importance of the New Homes Bonus to local authorities and local communities which is why we have committed to providing a further round of funding as part of this year's Local Government Financial Settlement. We continue to consider our approach beyond 2024/25 for the Bonus and will set out further details in due course.

Yours ever,

LEE ROWLEY MP

Data Representations

1. The data for the provisional allocations comes from lines 1, 3 and 18 of both the 2022 and the 2023 DLUHC Council Tax Base (CTB) forms, and the DLUHC Official Statistics on additional Affordable Housing Supply.
2. You can find out more about the scheme design by reviewing the details of changes that were made to it following consultation in 2015-16 in the summary of responses to the consultation and Government response published here: <https://www.gov.uk/government/consultations/new-homes-bonus-sharpening-the-incentive-technical-consultation>, which should be read alongside the scheme design published in February 2011 which can be found at: <https://www.gov.uk/government/publications/new-homes-bonus-final-scheme-design--2>. The calculation can be found under 'Basis of Calculation'.

CTB Lines 1 and 3 (change in properties on the valuation list)

3. Line 1 shows the properties on an authority's council tax valuation list on 11 September 2023, with line 1 coming from the Valuation Office Agency and adjusted as necessary via the CTB form collection. We do not expect there to be errors on this line as local authorities will have had an opportunity to make a representation to change these figures when completing the CTB form.
4. Line 3 shows the number of demolished dwellings and dwellings outside area of authority on 2 October 2023 as reported on the CTB form. This has been reported by the authority on their 2023 CTB form.
5. However, we would consider a representation on these lines if an authority were able to demonstrate that a re-banding has occurred between October 2022 and October 2023 which in its opinion has a material effect on the calculation of its NHB grant.
6. We will consider a representation from an authority which is able to demonstrate that there were class G exemptions (unoccupied dwellings where the occupation is prohibited by law) in October 2023 which have since been demolished or otherwise removed from the valuation list.
7. In these cases, you should **submit evidence of the re-banding and the financial effect to NewHomesBonus@levellingup.gov.uk by 15 January 2024**. The letter should come from the Chief Finance Officer. The Department will consider the accuracy of any such representations and whether the financial consequences are material enough to justify an adjustment to the data and the grant.

Line 18 of CTB 2022 and CTB 2023 (change in long-term empty homes)

8. Line 18 shows the number of dwellings that were classed as empty and have been empty for more than six months, excluding those that are subject to Empty Homes discount class D or empty as a result of specific flooding events, as at 2 October 2023 as reported on the 2023 CTB form.
9. We are not expecting representations on empty homes data this year. Local authorities will have been aware that the CTB data would be used in an allocation and should have ensured that the data provided was accurate. These lines should be consistent with the authority's returns. If you have any queries on these please contact CTB.stats@levellingup.gov.uk by 15 January 2024. Please ensure that you have received confirmation that your email has been received.

Affordable Homes data

10. The National Statistics on Affordable Housing Supply are compiled from a combination of grant administration systems and local authority data returns. Further details on the data sources and method of compilation can be found in the document “*New Homes Bonus Affordable Enhancement: Description of data sources and methods*”, which is attached below, and the statistical release’s technical notes¹. This note outlines the considerations for representations on the different data sources used, and how representations may be made.

Homes England/Greater London Authority systems:

11. Figures on all completed schemes in England, excluding London, are extracted from Homes England (HE) monitoring systems for DLUHC’s official statistics. The Greater London Authority has responsibility for recording affordable housing starts and completions for London – with the exception of the Get Britain Building Programme, the development finance offered under the Home Building Fund, and the Levelling Up Home Building Fund – which are administered by HE on behalf of the GLA. The monitoring systems used by the GLA are equivalent to those used by HE. As these data systems are linked to payment of grant and subject to monitoring and audit by HE or the GLA, representations regarding errors in the data captured in these systems are not anticipated.

12. It should be noted that there are some aspects of HE or the GLA data which may differ from information held locally by a local authority. In particular, the timing of completion may differ. In the main systems used by HE and the GLA (the Investment Management System (IMS) and the Project Control System (PCS) used by HE and the GLAOps system used by the GLA, a scheme is considered to have reached completion when the final tranche of grant is paid. This final grant payment is normally triggered by the practical completion of the last unit of the scheme, or phase of the scheme, and is subject to independent audit, both of the HE or GLA and the registered provider. Further details on how completions are recorded by HE and GLA systems are given in the Appendix. This measurement of completions provides a consistent and audited approach across all local areas and as such representations regarding the timings of such completions are deemed to be out of scope of this grant allocation process.

13. Local authorities should have a good working relationship with HE or the GLA and those delivering affordable housing in their area. Further details on the schemes recorded on the HE/GLA systems in a local authority area can be obtained from the local HE office or from the GLA.

14. Information on Affordable Homes Guarantees is also provided by Homes England for inclusion in the total affordable housing supply.

Local Authority Housing Statistics return (LAHS):

15. Local authorities are asked in the LAHS return to record any affordable housing that has not been reported to HE or the GLA. To assist them in doing so, HE or the GLA sends all local authorities a list of the new affordable housing recorded in their administrative systems. The LAHS return guidance notes for 2022-23, and the 2022-23 dataset can be found at <https://www.gov.uk/government/collections/local-authority-housing-data#2022-to-2023>. Following consultation with users, LAHS no longer has a separate bulletin, but the data is available through in the link above.

16. In the 2022-23 LAHS return, Section I Questions 3, 4, and 5, covering new build, and Section I Questions 7, 8, and 9, covering acquisitions, were used. Section I also provided the number of Cash Incentive Scheme grants (in Question 15) and each grant was taken to equate to one unit of affordable supply.

17. Representations will be considered where local authorities provide evidence for incorrect reporting on their LAHS return, or where the combination of this data with HE or the GLA data does not provide an accurate assessment of the affordable housing delivered in their area, providing the same revision is made as part of their LAHS return or HE/GLA revise their data.

DLUHC July 2023 Traveller Caravan Count:

18. Delivery on affordable housing is supplemented by additional permanent traveller pitches delivered between April 2022 and March 2023, as given by the DLUHC July 2023 Traveller Caravan Count which was collected for the purpose of the affordable housing statistics.

Other areas:

19. Other representations may relate to the numeric calculation of the grant given the total number of affordable units provided, or where evidence is provided that the affordable dwelling is not captured by any of the data sources used but meets the definition of the National Planning Policy Framework (NPPF) and is shown to be additional supply in the period 1 April 2022 to 31 March 2023. (The NPPF replaced PPS3 on 1 April 2012, so we have used the NPPF definition since April 2013.)

Form of Evidence required:

20. Local authorities who wish to make representations regarding their provisional allocation, relating to the affordable homes data, should provide the following evidence:

21. **A letter from their Chief Finance Officer should be sent to NewHomesBonus@levellingup.gov.uk by 15 January 2024.** This should set out the proposed change to the data, the evidence and reason for this change and the calculated financial effect of the change in units on the grant allocation. Where the change concerns an error in data reported directly by local authorities, the letter should also set out what corrective action is being taken to avoid such error in future returns.

- Where additional units are claimed, evidence should be provided that shows:
 - The number of units
 - Where these are located: specific address information including postcode
 - That they meet the definition of affordable housing under NPPF
 - The Registered Provider and / or developer that delivered the units
 - The funding mechanism, including the grant programme if applicable
 - The tenure type of the unit and whether it is a newly built property, an acquisition or conversion
 - When each unit was completed
 - A statement from the Registered Provider that the units are not recorded on the HE's Investment Management System or the Project Control System
- Where a reduction in the number of units is sought, evidence should be provided that shows:
 - The number of units
 - The data source where these units were reported and an explanation of why they should not be counted as additional affordable supply

22. The Department will consider the accuracy of any such representations and whether the financial implications materially justify an adjustment to the data.