



Department for Levelling Up,
Housing & Communities

Rt Hon Lucy Frazer KC MP
Minister of State for Housing and Planning

***Department for Levelling Up, Housing and
Communities***

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To all Local Authority Leaders
and Chief Executives

19 December 2022

Dear Colleague,

2023/24 New Homes Bonus Provisional Allocations

As part of Local Government Finance Settlement 2023/24, Secretary of State announced a further round of New Homes Bonus allocations under the current scheme for 2023/24 I am writing to let you know that the provisional allocations for 2023/24 have been published today.

The allocations for 2023/24 do not include legacy payments, nor will new legacy payments be made in subsequent years based on these allocations. As previously announced, the 2022/23 settlement was the last year to include legacy payments. The allocations are provisional, to allow local authorities to check the data used in the calculation.

The allocations will total £290.6m for English local authorities in 2023/24. Taken together with instalments from previous years, this brings the total amount of funding awarded under the New Homes Bonus to £10.3bn. The total number of net additional homes rewarded over the period since the New Homes Bonus was introduced is over 2.5m. This includes over 619,000 affordable homes provided.

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-provisional-allocations-2023-to-2024>

Yours sincerely,

RT HON LUCY FRAZER KC MP

Data Representations

1. The data for the provisional allocations comes from lines 1, 3 and 18 of both the 2021 and the 2022 Council Tax Base (CTB) forms, and the DLUHC Official Statistics on additional Affordable Housing Supply.
2. Following consultation in 2015-16, the scheme design has changed, and details of the changes can be found 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>. This 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 valuation list on the 12 September 2022, 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 3 October 2022 as reported on the CTB form. This has been reported by the authority on their 2022 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 2021 and October 2022 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 2021 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 16 January 2023**. 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 2021 and CTB 2022 (change in long-term empty homes)

8. We are not expecting representations on empty homes data this year. Although the continuation of the New Homes Bonus had not been confirmed when the CTB form was issued and completed, local authorities will have been aware that the CTB data would possibly be used in an allocation. However, 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 16 January 2023. Please ensure that you have received confirmation that your email has been received.

Affordable Homes data

9. 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. 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:

10. 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, which is 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.

11. 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 GLA and new 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.

12. 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 IMS in a local authority area can be obtained from the local HE office or from the GLA.

13. 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):

14. 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 2021-22 and the 2021-22 dataset can be found at <https://www.gov.uk/government/collections/local-authority-housing-data#2021-to-2022>. Following consultation with users, LAHS no longer has a separate bulletin, but the data is available through in the link above.

15. In the 2021-22 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.

16. 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 2022 Traveller Caravan Count:

17. Delivery on affordable housing is supplemented by additional permanent traveller pitches delivered between April 2021 and March 2022, as given by the DLUHC July 2022 Traveller Caravan Count which was collected for the purpose of the affordable housing statistics.

Other areas:

18. 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 2021 to 31 March 2022. (The NPPF replaced PPS3 on 1 April 2012, so we have used the NPPF definition since April 2013.)

Form of Evidence required:

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

20. **A letter from their Chief Finance Officer should be sent to newhomesbonus@levellingup.gov.uk by 16 January 2023.** 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

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

Appendix: New Homes Bonus Affordable Housing Enhancement: Description of data sources & methods

The New Homes Bonus enhancement for additional affordable housing is based on published statistics on additional affordable housing supply.

Affordable Housing statistics

The National Statistics on affordable housing supply are published annually by DLUHC. The figures relate to a financial year and are published around 7 months after the end of the period. The 2021-22 data were published on 17 November 2022.

Alongside the National Statistics release on the Department's website there is a set of accompanying Live Tables (downloadable Excel spreadsheets). These Live Tables present the data at local authority level. Live Table 1008C (for completions) is used in the calculation of the New Homes Bonus enhancement. Live Table 1011 also provides a more detailed, presentation of these data for each local authority.

Statistical Release –

<https://www.gov.uk/government/collections/affordable-housing-supply>

Live Tables –

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply>

Data Sources for Affordable Housing Supply:

In summary, the DLUHC National Statistics on additional affordable housing supply bring together the following data sources:

- The Investment Management System (IMS) used by Homes England (HE) and the GLA, which contains information provided by investment partners in accordance with monitoring requirements for the payment of grant.
- The Project Control System (PCS) used by HE and the GLA, which contains data on a number of housing and regeneration programmes.
- The GLAOps system used by the GLA.
- GLA figures on additional units not reported in GLAOps returns.
- The Local Authority Housing Statistics (LAHS) return submitted to the Department by local authorities.
- Administrative data from Homes England on Affordable Homes Guarantees programme delivery.
- The July count of the department's bi-annual traveller caravan count (TCC) published by DLUHC, which records the number of caravans and pitches on sites across England at January and July. For 2020-21, a reduced version of the TCC collected only information relating to new affordable housing pitches <https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/traveller-caravan-count>

Data is published as received by local authorities. In general, the data compilation method is a simple summation of sources for each local area.

The scope of the statistics is in line with the definitions within NPPF. Table A below shows the affordable housing products, by source, that are included in this release for 2021-22. The

products marked as IMS or GLAOps are included in the Homes England bi-annually statistics release or the GLA's regular data releases. Historical data will reflect the affordable housing products in operation at the time.

The list of schemes and products that are included in the statistics is reviewed on an annual basis. A more detailed description is given in the section on Data Sources in the 2021-22 statistical release.

Affordable housing products included in 2021-22

Most of the data come from HE and the GLA grant systems. HE and the GLA capture the delivery of an affordable housing unit when the final grant payment is made. This final grant payment is 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 to ensure that documented evidence is retained on this completion.

For new build homes "practical completion" is the trigger for claiming the final cost payment of grant from HE or the GLA. This is a term taken from the Joint Contracts Tribunal family of building contracts (although other families of building contracts use different terms for the same event). A building contract reaches Practical Completion when the works described in the contract documents are sufficiently finished, and sufficiently free of defects that the employer (usually the registered provider) is willing to accept the properties as operational i.e., able to be used. It is not a clear-cut definition, but is a judgement made on a scheme-by-scheme basis. A Certificate of Practical Completion may be issued when all the dwellings are handed over to the registered provider, but some external works are incomplete, such as landscaping or boundary walls.

Where existing homes are acquired, and no refurbishment works are required, completion is taken at the point of grant claim by the registered provider.

For non-new build home ownership schemes (such as Social HomeBuy and Mortgage Rescue) completion is taken at the point when the new homeowner completes their purchase of the property.

Private sector stock leased to local authorities or registered providers for Social Rent or Affordable Rent would be counted, provided it is leased for a minimum of 3 years, and it meets the criteria for affordable housing as set out in the NPPF. Private sector stock leased for less than 3 years may not be counted. Private sector leasing schemes by local authorities or Private Registered Providers for use as temporary accommodation at market rents are not included, as they do not provide affordable homes.

For the National Affordable Housing Programme, some non-grant funded schemes were also reported to HE or the GLA by providers. Partner Private Registered Providers (and all members of the partnership) were required to record: all units delivered via Recycled Capital Grant Fund (RCGF) or Disposal Proceed Fund (DPF), whether part of a S106 planning obligation or not; and all nil grant units delivered without RCGF or DPF which are not the subject of a S106 planning obligation on IMS for both starts and completions, in accordance with the requirements set out in the Capital Funding Guide. Partner Private Registered Providers could also, if they chose to do so, record on IMS nil grant units delivered without RCGF or DPF, which were the subject of a S106 planning agreement.

For the new Affordable Homes Programme (including its sub programmes) the numbers reported through HE and the GLA also include all new Affordable Rent units delivered outside of the programme, as it is a requirement that any units offered at Affordable Rent can only be through a delivery agreement with HE. Units delivered through a funding allocation are covered by a Framework Delivery Agreement (FDA) and units delivered for Affordable Rent

but outside of the Affordable Homes Programmes must be covered by a Short Form Agreement (SFA). All units delivered through an FDA or SFA are recorded on IMS.

Methodology for Affordable Housing Supply statistics:

Most of the data provided by HE or the GLA relates to units delivered with grant funding. However, some affordable units will be built or acquired without grant, such as those delivered through planning obligations (Section 106). HE or the GLA ask developers to record grant free units on their systems which provides some information on grant free (or nil grant) units. This is combined with information provided by local authorities on their LAHS returns, namely questions 3 to 5, 7 to 9 and 15 in Section I. These cover respectively, new build units, acquisitions of existing stock to new affordable housing and Cash Incentive Scheme grants.

These data sources and methods have been chosen to provide comprehensive coverage and good quality statistics on additional affordable supply. We will continue to consult with local authorities on ways to improve collection of data without increasing the reporting burden placed upon them.

Data source for traveller pitches:

Figures are taken from the July count of traveller caravans, where local authorities were asked to provide information on the number of new affordable residential pitches constructed since the July count that meet the definition of 'affordable housing' as described in the NPPF.

Methodology for the Traveller Caravan Count:

The number of new affordable residential pitches in a local authority's area, reported in the Traveller Caravan Count, qualify for the New Homes Bonus affordable housing premium. In some cases, an adjustment is made to avoid double counting units also reported by HE or the GLA under their Traveller Pitch Funding programmes. The resulting total is then multiplied by £350. Data is published as received by local authorities.