

- (b) Work towards balancing this over a three year period, including putting back into reserves when the Budget is in surplus.**

Any in year variations from this budget will transfer

- 5.8.2 There is an additional payment of £350 for each year if the property falls into the definition of affordable housing. This additional element is paid a year in arrears. In two tier areas the District or Borough Council receives 80% of the bonus and the County Council 20%.
- 5.8.3 The New Homes Bonus was in the past paid each year for six years, this has been reduced to five in the current year and then to four from 2018/19. The bonus was also reduced in the current year to reflect estimates of 'deadweight'; this is where building would have taken place even if there had not been an incentive.
- 5.8.4 The New Homes Bonus for 2018/19 is projected to be £1.396m and is calculated to £0.850m by 2022/2023.

5.9 Fees and Charges

An average increase in income budgets of 2% is assumed for 2018/19 onwards.

5.10 Cost of homelessness

The Government has recently announced that The Homelessness Reduction Act 2017 will be implemented on 1 April 2018. This will place increased duties and service demands on the Council. These include a duty to start assessing and providing advice to someone at risk of being made homeless 56 days before losing their home rather than at the current 28 day trigger point. Demand on the service is expected to increase by 30-50%. There will be limited funding from the Government to support the implementation of the new duties. The funding formula, detailed code of guidance and IT systems to support the new ways of working are still being developed. Consequently the full impact on the budget is not yet known so has not been included in these projections.

5.11 Summary of assumptions

	<u>18/19</u>	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>
Business rate income*	+2.5%	+2.5%	+2.0%	+2.0%	+2.0%
New Homes Bonus	-£35k	-£43k	-£57k	-£233k	-£300k
Pay award	1.0%	1.0%	1.5%	2.0%	2.0%
Av. interest rate	0.55%	0.75%	1.00%	1.25%	1.75%
Running costs	0%	0%	0%	0%	0%
Contracts (RPI)	3.0%	3.5%	3.6%	3.2%	3.2%
Customer receipts	2.0%	2.0%	2.0%	2.0%	2.0%
Tax base increase (percentage of new properties for Council tax)	1.5%	1.5%	1.5%	1.0%	1.0%
Council Tax increase (for estimating purposes)	2.6%	2.4%	2.4%	2.3%	2.3%

*Business rates equalisation reserve will be used to absorb any fluctuations from the 2.5%.

The tax base increase assumes the number of Band D properties in Crawley has increased due to the current building programme including Forge Wood.

6. Budget Projections 2018/19 to 2022/23

6.1 The table below summarises the budget projections based on the assumptions above.

	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s
Base budget	14,814				

9.2 Any other specific bids will be presented directly to later meetings of the Cabinet.

10. Housing Revenue Account

- 10.1 Council on 22 February 2012 (FIN/257) approved the payment of £260.325m to the Department for Communities and Local Government as part of the Government's abolition of the previous housing subsidy regime. The money was borrowed via a series of loans from the Public Works Loan Board. The repayment dates vary between 2022/2023 and 2037/2038.
- 10.2 The net effect of these changes was that the HRA had budgeted for significant surplus over the coming years. This was to enable the Council to make capital investments that will help it achieve its corporate housing objectives. Investments already approved include the provision of housing at Breezehurst Drive and Brunel Place and Forge Wood. Changes to Right to Buy discounts and the announcement in the July 2015 budget that rents will decrease by 1% per annum for 4 years from 2016/17, resulted in fewer resources available to meet all aspirations.
- 10.3 The HRA 30 year plan is constantly being updated, and is reported to the affordable