

## **Draft Responses to New Homes Bonus Consultation**

**Question 1** What are your views on moving from 6 years of payments under the Bonus to 4 years, with an interim period for 5 year payments?

It is regrettable that the Government feels it necessary to reduce the number of years at all. There are other options that could be pursued to provide additional funding for social care without altering the New Homes Bonus.

If the number of years is to be reduced from 6 to 4 it is best that this is done with an interim period of 5. The change will have a significant effect on the finances of district councils so a transition period would assist councils in better managing the impacts.

**Question 2** Should the number of years of payments under the Bonus be reduced further to 3 or 2 years?

The number of years of payment should be maintained at 6. If the number is to be reduced it should not go below 4. To reduce the number below 4 would threaten the financial viability of some authorities.

**Question 3** Should the Government continue to use this approach? If not, what alternatives would work better?

The approach of basing allocations on council tax returns is well established and easily understood. It is a transparent method that requires no additional collection or manipulation of data. No convincing case has been made for a change in this approach.

**Question 4** Do you agree that local authorities should lose their Bonus allocation in the years during which their Local Plan has not been submitted? If not, what alternative arrangement should be in place?

The question is based on a false premise as not having a Local Plan in place is not a significant cause of delays in building. Therefore local authorities should not lose their allocation in years during which their Local Plan has not been submitted. The real cause of delay is developers banking land and the arrangement that should be put in place should deal with this genuine cause of delay in the provision of new homes.

**Question 5** Is there merit in a mechanism for abatement which reflects the date of the adopted plan?

If the Government is to persist with a scheme to penalise authorities who do not have a Local Plan then there should be a mechanism for abatement. The consultation is called "Sharpening the Incentive" and without a mechanism for abatement an important incentive is lost.

**Question 6** Do you agree to this mechanism for reflecting homes only allowed on appeal in Bonus payments?

It is hard to see how any mechanism to reduce New Homes Bonus where homes are only allowed on appeal can be accurate without a considerable bureaucratic burden. The logic here seems flawed as well. On one hand authorities are being incentivised to put Local Plans in place but then if approval is refused, in accordance with the Local Plan, authorities will be penalised by a reduction in payments if approval is then given on appeal.

**Question 7** Do you agree that New Homes Bonus payments should be reduced by 50%, or 100%, where homes are allowed on appeal? If not, what other adjustment would you propose, and why?

See response above – it is not agreed that payments should be reduced where homes are allowed on appeal.

**Question 8** Do you agree that reductions should be based on the national average Band D council tax? If this were to change (see question 3) should the new model also be adopted for this purpose?

See responses above – it is not agreed that reductions should be made.

**Question 9** Do you agree that setting a national baseline offers the best incentive effect for the Bonus?

Setting a national baseline to reduce the number of homes that qualify for payments does not offer the best incentive effect. For authorities with low growth setting a national baseline will significantly reduce or remove the incentive.

**Question 10** Do you agree that the right level for the baseline is 0.25%?

See response above – it is not agreed that there should be a baseline.

**Question 11** Do you agree that adjustments to the baseline should be used to reflect significant and unexpected housing growth? If not, what other mechanism could be used to ensure that the costs of the Bonus stay within the funding envelope and ensure that we have the necessary resources for adult social care?

See responses above – it is not agreed that there should be a baseline or that the resources for adult social care should be provided through reductions in New Homes Bonus.

**Question 12** Do you agree that the same adjustments as elsewhere should apply in areas covered by National Parks, the Broads Authority and development corporations?

Whatever scheme is put in place should apply equally to all authorities.

**Question 13** Do you agree that county councils should not be exempted from adjustments to the Bonus payments?

It is agreed that county councils should not be exempted from adjustments to the Bonus payments.

**Question 14** What are your views on whether there is merit in considering protection for those who may face an adverse impact from these proposals?

Some form of protection should be used to assist the authorities suffering the largest adverse impacts from these proposals. To impose changes without protection would put the welfare of residents who are reliant on council services at risk.