

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1. Meeting	Sustainable Communities Scrutiny Panel
2. Date	9th December, 2010
3. Title	Consultation on New Homes Bonus
4. Directorate	Neighbourhoods

5. Summary

It is the Government's aim for the New Homes Bonus to create a powerful, simple, transparent and permanent incentive, which rewards local authorities that deliver sustainable housing development.

The New Homes Bonus Consultation document was released for consideration by councils on the 12th November 2010; the consultation deadline for response is Friday 24th December 2010.

This report informs the discussion and sets out to prepare a response to the 13 Consultation Questions contained within; about the way this new initiative is likely to affect the Council.

Officers from Neighbourhood and Adult Services, with Economic Development Services are working together to understand the implications for the Council and Members are encouraged to inform consultation process.

The Corporate process for responding to consultation is currently under review by the Performance, Review and Overview Committee (03/12/10), in the interim, and as the consultation period is only six weeks, the report proposes that the Cabinet Member for Safe and Attractive Neighbourhoods signs off the response on behalf of the Council on 20th December 2010.

6. Recommendations

- **That Cabinet Member considers the report**
- **Approves the consultation process**
- **Receives and signs off the completed Consultation Response at Cabinet for Safe and Attractive Neighbourhoods, 20th December 2010.**

7. Proposals and Details

7.1 New Homes Bonus

In July 2010, the Government revoked Regional Spatial Strategies (*Cala Homes Judicial Review has temporarily overturned this position however it is anticipated that the pending Decentralisation and Localism Bill will permanently revoke*) and its new localism approach now gives Councils the freedom, but also the significant responsibility, of deciding what level of new housing should be planned for.

Planning authorities are still required to identify a long term supply of housing land for at least 15 years from the adoption of their Core Strategies. The Government has advised that planning authorities should collect and use reliable information to justify their housing targets however, a 'New Homes Bonus' incentives scheme is to be introduced shortly, to encourage planning authorities to plan for higher house building rates.

It is the Government's aim for the New Homes Bonus is to create a powerful, simple, transparent and permanent incentive, which rewards local authorities that deliver sustainable housing development.

The scheme is intended to incentivise local authorities to increase housing supply by rewarding them with a New Homes Bonus (NHB). Equal to the national average for the council tax band on each additional property, the bonus will be paid for the following six years, as non-ringfenced grant.

Further, there will be an additional payment for affordable homes. Rewards are also proposed for bringing empty homes back into use and providing affordable homes in the form of Gypsy and Traveller pitches.

7.2 Payments

Payments would be calculated by measuring the change in dwellings on council tax valuation lists; meaning that demolished properties and dwellings becoming empty will affect the level of bonus received.

Government states that currently the amount of grant relating to an additional council tax band D property would be about £1,439 per annum or £8,634 over six years. This amount would be reviewed if council taxes rise. There would be a flat rate enhancement of £350 per annum for each additional affordable home. Over six years an affordable home would receive an enhancement of £2,100.

The baseline year (Year 1) for calculating the NHB will be October 2009 to October 2010. The first receipt would be payable as soon as consultation concludes and for future years the return would be reported by local authorities in December. Settlements would be announced in February and received in April.

It is important to note that this policy redistributes a portion of formula grant on the basis of housing delivery and in the long run will be revenue neutral for the government. The funds come from the abolition of the Housing and Planning Delivery Grant. The total allocation is £946m for 4 years (£196m, £250m, £250m,

£250m) which equates to basic payment ie no affordable enhancements, of 113,000 dwellings over 6 years.

7.3 Community Benefit

As 'a starting point for negotiation' the Government's consultation proposes splitting payment of the New Homes Bonus in the following way in two tier areas:

- 80 per cent to the lower tier
- 20 per cent to the upper tier.

As a unitary authority, this should imply that 100 per cent is received however, clarity is being sought as to whether 20 per cent might be pursued by sub-region, region or city region or conversely whether 80 per cent be further devolved?

7.4 Consultation Questions and Response Deadline

The full NHB consultation document was published 12th November 2010. Consideration of NHB is currently underway by Officers in NAS and EDS, working towards producing a joint response to the 13 consultation response questions, to be returned to government no later than Friday 24th December 2010.

Due to the short six week consultation time and the current corporate review of how consultation should be dealt with (Report to Performance Review and Overview Committee 3rd December 2010) it is proposed to gather Member and Officer considerations during December, including presentation to the Sustainable Communities Scrutiny Panel (9th December 2010).

Appended to this report is the 13 Consultation Questions which Members and Officers are encouraged to consider. Comments and considerations will be co-ordinated by Neighbourhood Investment Services, and should be e.mailed to tracie.seals@rotherham.gov.uk before 5pm on 16th December 2010.

The document can be viewed electronically by clicking [here](#) and a paper copy has been placed in the Members Room.

The final response will be brought back to Cabinet Member for Safe and Attractive Neighbourhoods for approval 20th December 2010 for submission to Communities for Local Government 24th December 2010.

8. Finance

There are no direct financial implications arising from the report as management of the consultation process is from within existing resources.

9. Risks and Uncertainties

There may be policy implications for the Council. There will also be policy implications for the Council working in partnership, both with other organisations and the expectations of working with communities.

The Council continues to monitor the Government's policy development on housing and planning matters and is well placed to understand the implications of the broader policy agenda; the legislative programme; and effects on local priorities.

In order to be able to influence the direction and detailed proposals it will be important to ensure that the consultation response is robust, effective and timely.

10. Policy and Performance Agenda Implications

The proposal contained within this report is in line with the Council priorities, policies, and procedures established and set out in key documents.

The aim is to deliver effective services that are cost efficient, fair, and value for money for the people within Rotherham.

11. Background Papers and Consultation

Communities and Local Government Consultation – New Homes Bonus
12th November 2010

Contact Name: Tracie Seals - Sustainable Communities Manager (Interim)
Neighbourhood Investment Services 01709 334969

Appendix 1 – List of 13 Consultation Questions

New Homes Bonus consultation questions:

1. Do you agree with our proposal to link the level of grant for each additional dwelling to the national average of the council tax band?
2. The Government proposes an affordable homes enhancement of £350 for each of the six years - what do you think the enhancement should be?
3. Do you agree with the proposal to use PPS3 and also include pitches on Gypsy and Traveller sites owned and managed by local authorities or registered social landlords to define affordable homes?
4. Do you agree with the proposal to reward local authorities for bringing empty properties back into use through the New Homes Bonus? Are there any practical constraints?
5. Outside London: Do you agree with the proposal to split the payment of the New Homes Bonus between tiers: 80 per cent to the lower tier and 20 per cent to the upper tier, as a starting point for local negotiation? If not, what would the appropriate split be, and why?
6. Do you agree with the proposal to use the data collected on the Council Tax Base form as at October to track net additions and empty homes?
7. Do you agree with the proposal for one annual allocation based on the previous year's Council Tax Base form, paid the following April?
8. Do you agree that allocations should be announced alongside the local government finance timetable?
9. Do you agree with the proposal to reward local authorities for affordable homes using data reported through the official statistics on gross additional affordable supply?
10. How significant are demolitions? Is there a proportionate method of collecting demolitions data at local authority level?
11. Do you think the proposed scheme will impact any groups with protected characteristics?
12. Do you agree with the methodology used in the impact assessment?
13. We would welcome your wider views on the proposed New Homes Bonus, particularly where there are issues that have not been addressed in the proposed model.