

WELWYN HATFIELD BOROUGH COUNCIL  
CABINET HOUSING & PLANNING PANEL – 18 FEBRUARY 2016  
REPORT OF THE DIRECTOR (GOVERNANCE)

NEW HOMES BONUS TECHNICAL CONSULTATION

**1 Executive Summary**

- 1.1 The Government is consulting on technical changes to the New Homes Bonus, which is an incentive for local authorities to encourage housing growth in their area. It puts forward a number of options, which will have different levels of impact on how much Bonus this Council is likely to receive in future years.

**2 Recommendation**

- 2.1 That CHPP comments on the points set out below and authorises the Head of Planning to agree the final response with the Executive Member for Planning.

**3 Explanation**

- 3.1 The Government is consulting on technical changes to the New Homes Bonus, in order to better reflect local authorities' delivery of new housing.
- 3.2 The Bonus was introduced in 2011 as an incentive for local authorities to encourage housing growth in their area. Payments are paid for six years based on the number of market and affordable homes built in any given year.
- 3.3 The Council received £1.36 million in 2014/2015 and £1.73 million in 2015/2016.
- 3.4 The Government has recently announced that local authorities will be allowed to retain all of the business rates generated in their area from 2020 but wants to make other savings and is therefore consulting on changes to how the Bonus is paid from 2017/2018 onwards.

Payment Period

- 3.5 It proposes to reduce the payment period from 6 years to 4 years. This could be done by reducing the payment period for existing and newly built homes to 5 years in 2017/2018 and 4 years in 2018/2019. It also sets out alternative options to reduce the payment period immediately to 4 years, or perhaps even to 3 or 2 years.
- 3.6 This change would reduce the payment that the Council receives, and it therefore recommended that the least drastic change be supported.

No Local Plan

- 3.7 The consultation notes that the Bonus is paid regardless of how houses are built and therefore proposes that this might be changed by withholding payment in

areas where no Local Plan has been submitted in accordance with the Planning & Compulsory Purchase Act 2004.

- 3.8 This change could be significant. The Welwyn Hatfield District Plan was adopted in April 2005 under transitional arrangements contained within the 2004 Act, but was submitted prior to the enactment of the Act, so may fail in this regard.
- 3.9 The Council should oppose this option, as it could result in no payments until a new Local Plan is submitted, which is currently scheduled for late 2016.

#### Homes Built on Appeal

- 3.10 The consultation notes that the Bonus is paid regardless of how houses are built and therefore proposes that this might be changed by withholding payment for homes built on appeal.
- 3.11 This change would have very little effect for Welwyn Hatfield as the number of homes granted on appeal in the borough is surprisingly low: just 6 homes in the last five years. The Council should nevertheless oppose this option as there are often very good reasons why planning permission is refused for new housing.

#### Deadweight Baseline

- 3.12 The consultation notes that the Bonus is paid regardless of how houses are built and therefore proposes that this might be changed by only making payments above a 0.25% deadweight baseline. It means that a certain amount of homes should be built regardless of the New Homes Bonus acting as an incentive. The complicated example given in the consultation document is that the number of new homes built in a given year be converted into Band D equivalents and then compared against the existing stock of homes in the area converted into Band D equivalents, and a Bonus only be paid if the total stock has increased by more than 0.25%.
- 3.13 This change would reduce the amount of Bonus paid and should be opposed.

#### Protecting individual authorities

- 3.14 The consultation recognises that some local authority areas might be adversely affected by the proposed options, either as a result of an unwillingness to support and encourage housing growth, or because of factors outside of their control.
- 3.15 The Council should highlight its improving housing delivery performance but also make it clear that New Homes Bonus is vital to fund the infrastructure and services needed to support new homes.

## **4 Link to Corporate Priorities**

- 4.1 The subject of this report is linked to the Council's Corporate Priority 3 which seeks to meet the borough's housing need by planning for housing and allowing for sustainable growth.

## **5 Legal Implications**

- 5.1 There are no legal implications associated with responding to this consultation.

## **6 Financial Implications**

- 6.1 There are no financial implications associated with responding to this consultation. There are financial consequences to the Council depending what changes the Government makes to the New Homes Bonus.

## **7 Risk Management Implications**

- 7.1 There are no risk management implications associated with responding to this consultation. The Council would need to consider its future sources of funding if payments were to reduce as a consequence of any of the proposed changes.

## **8 Security and Terrorism Implications**

- 8.1 There are no security or terrorism implications associated with responding to this consultation.

## **9 Procurement Implications**

- 9.1 There are no procurement implications associated with responding to this consultation.

## **10 Climate Change Implications**

- 10.1 There are no climate change implications associated with responding to this consultation.

## **11 Policy Implications**

- 11.1 There are no policy implications associated with responding to this consultation. Housing targets, sites and policies in the forthcoming Local Plan will influence how many new homes are built and how much payment might be received.

## **12 Equalities and Diversity**

- 12.1 An Equality Impact Assessment (EIA) has not been carried out in connection with the recommendations in this report.

Name of author: Colin Haigh  
Title: Head of Planning  
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### Background Papers:

- New Homes Bonus Technical Consultation  
<https://www.gov.uk/government/consultations/new-homes-bonus-sharpening-the-incentive-technical-consultation>