

(For Democratic Services use)

Decision Number: 33(2015/16)

## Portfolio Holder Executive Decision Statement

### The Local Authority (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012

**Subject:** Response to the Government consultation on reform of the New Homes Bonus

The consultation includes items such as reducing the number of years the allocation is payable, incentives for local authorities to build homes including the setting of a baseline, homes built under appeal and local plans. The consultation also asks if there should be protection for individual authorities.

#### Details of Decision taken

To agree the Council's response to the government technical consultation paper "New Homes Bonus: Sharpening the Incentive" and approve that it is submitted to the DCLG.

#### Reason for Decision

To ensure that the Council's views on the proposed changes are taken into account.

#### All Documents considered:

"New Homes Bonus: Sharpening the Incentive" technical consultation document, available from:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/487095/151217\\_nhb\\_draft\\_condoc\\_published\\_version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487095/151217_nhb_draft_condoc_published_version.pdf)

#### Details of any alternative options considered and rejected by the Member when making the Decision:

The Council could have chosen not to respond to the consultation. This was rejected as the proposed changes will impact the District and our revenue.

#### Financial implications

There are no financial implications that arise directly from the decision to respond to this consultation.


#### Legal Implications and Risk Assessment Statement

None

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<b>Equality Impacts</b> (Consideration of impacts under the Public Sector Equality Duty) The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.	
<b>Local Member (s), other Portfolio Holders and/or Directors/Heads of Service Consulted</b> Cllr Searles - Portfolio Holder for Finance Cllr Fleming - Portfolio Holder for Policy and Performance	
<b>Details of any conflicts of interest</b> a) declared by any executive member who is consulted by the Decision Taker None b) and any details of dispensations granted by the Chief Executive in respect of any declared conflict None	
<b>Decision taken by</b>	Portfolio Holder for Finance Portfolio Holder for Policy and Performance
<b>Signed by Portfolio Holders</b>	
<b>Date of Decision</b>	15 <sup>th</sup> March 2016
<b>Record made by:</b>	Adrian Rowbotham, Chief Finance Officer
<b>Date of record:</b>	15.03.16

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## **Government Consultation on Proposed Reforms to the New Homes Bonus**

### **Response from Sevenoaks District Council.**

Sevenoaks District Council welcomes the opportunity to respond to the government's proposed changes to the New Homes Bonus (NHB).

We find ourselves unable to support any of the reforms. We do not support any reduction in NHB allocations funding; our concerns regarding both the principles behind the government's proposals and the manner of implementation are set out below under the headings in the consultation questionnaire

#### **Allocations**

The consultation comes at a time when the full impact of the government's revised settlement is still being absorbed and before the planned consultation on business rate devolution takes place this summer. The context is therefore a difficult one with regards to promoting a meaningful dialogue, which we hope is how the government views this consultation. At the same time that the consultation is taking place, the Housing and Planning Bill is making its way through parliament and we feel there has perhaps been a missed opportunity to engage with the sector in putting forward proposals that are joined up, and that will help government reach its target of 200,000 new homes by 2020. We feel that proposals to impose a cap on the amount of allocations available to each authority and to set a benchmark before any are made, set alongside the proposals for the use of third parties in planning applications and central government intervention on public land development, may not achieve the incentives the reforms seeks for councils to play their part alongside their private sector partners.

Government is clear in the consultation paper that any potential savings from the reforms will be directed towards the increasing demands of providing adult health and social care. We would suggest that the potential savings involved will have the opposite effect by further diminishing whatever resources we have to hand in order to play our part in health and social care at a district level. The government's premise for this consultation fails to address the fact that new funding is required, rather than taking still further from local government to temporarily resource the increasing needs of an underfunded health and social care sector. We would welcome a proactive engagement from government with districts on how we can play a part in properly resourced early intervention, prevention and support in this area before our contribution is limited still further.

Sevenoaks District Council is, by prudent and strategic planning, aiming to succeed in its ambition to be financially self-sufficient by 2017; although the recent announcement that we will not move into a negative tariff with regards to the local government settlement until 2019/20 is welcome, this still compromises our

ability to finance our property investment strategy (a key plank in our plans to be financially independent) and we have not yet had a response from the Secretary of State regarding the suggestion at our Leader's meeting with him in January that the business rates distribution mechanism will be delayed until 2019/20. Government has always been clear (through the Chancellor) that full retention of business rates would carry with it additional responsibilities; these have not yet been articulated and we feel we cannot agree to the proposal of yet further restrictions on our potential income without having these new responsibilities in plain sight.

### **Local Plans**

The government proposes to penalise authorities without a local plan. We understand that the adoption of local plans provides a useful means for the government to measure new homes using a straightforward national indicator. However, in some cases the views of local residents can take considerable time to coalesce on this subject, and given the resource it takes from all sides to gain agreement, it is not surprising that some areas have taken longer than others. We would ask that Government is mindful of the scale of resources required to develop a plan and to update it; at a time when services are being critically pared down, this is an important consideration for many authorities. We suggest that rather than a blanket approach, a more considered view is taken on each area without a plan and the circumstances surrounding it, before implementing financial penalties.

### **Homes Built on Appeal**

We do not support any reduction in allocations for homes built on appeal. We suggest that there appears to be a disconnect here between the government's localism agenda, which it has actively formed and promoted, and respect for local democratic procedures. In areas where land for housing is at a premium, or indeed others, planning is often refused because there is substantial local concern from residents, officers and Members. In areas such as Sevenoaks where a substantial proportion of the district is green belt, there are bound to be contentious development proposals which require a finely balanced judgement. To penalise areas twice by permitting the development against local wishes then adding a financial penalty would appear disproportionate, especially given the relatively low levels of savings this would generate. Government should also be mindful of the fact that developers can submit new or different technical information to the Inspector as a means of using the appeals process to overcome an initial refusal; this builds unfairness into the system by refusing allocations when such changes take place.

## **Deadweight**

The government proposes to set a benchmark in order to take account of deadweight, that is, homes that would have been built anyway regardless of incentives. While appreciating that central government would find it less onerous to administer a nationally set benchmark in calculating allocations, this fails to take into account the significant differences between areas such as ours with 93% green belt, rural areas with dispersed communities infrastructure, and other areas with substantial brownfield sites. In line with the government's commitment to devolved powers and localism, districts should be allowed to set their own baseline, reflecting local plans and priorities, against which we can report and be rewarded.

We are disappointed that the consultation document fails to mention the important and often intensive work done by local government on bringing empty homes back into use, which are also counted towards the allocations. We feel that these should be exempt from any deadweight calculations as a means of recognising the different circumstances that lead to these homes being brought (back) into use and the specialist skills required for this to happen.

## **Protection for individual authorities**

The consultation asks if there should be protection for individual authorities who may be adversely impacted by the proposed changes. As indicated above, we believe there is a strong case for some authorities to have local circumstances taken into account. At Sevenoaks District Council we have met the challenges of austerity with innovation and fortitude. Our plan to be self sufficient relies to a great deal on property investment and in managing available funds to this end. The proposed changes to NHB will severely limit our opportunities to invest in the district and to gain financial independence, and protect services and jobs.

