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<b>PART B:</b>	<b>RECOMMENDATION TO COUNCIL</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>4 FEBRUARY 2016</b>
<b>REPORT OF THE:</b>	<b>CHIEF EXECUTIVE JANET WAGGOTT</b>
<b>TITLE OF REPORT:</b>	<b>RESPONSE TO THE NEW HOMES BONUS: SHARPENING THE INCENTIVE - TECHNICAL CONSULTATION</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The report sets out the response to the New Homes Bonus: Sharpening the Incentive - Technical Consultation.

### **2.0 RECOMMENDATION**

- 2.1 That Council is recommended:
- (i) To agree the response to the consultation attached at **Annex A and B** and delegate authority to the Finance Manager (s151) in consultation with the Chairman of Policy and Resources to make any alterations, if necessary, prior to submission by the 10 March 2017.

### **3.0 POLICY CONTEXT AND CONSULTATION**

- 3.1 The consultation seeks views on options on changes to the NHB in order to reflect Authorities delivery of new housing. It also seeks views on reducing the number of years in which current and future payments are made.
- 3.2 This consultation sets out a variety of options for increasing the focus of the NHB ("the Bonus") on delivery of new homes and freeing up resources to be recycled within the local government settlement to support authorities with particular pressures, such as adult social care, following the outcome of the 2015 Spending Review.
- 3.3 The options on which views are sought are:
- withholding the Bonus from areas where an authority does not have a Local Plan in place;
  - abating the Bonus in circumstances where planning permission for a new development has only been granted on appeal;

- adjusting the Bonus to reflect estimates of deadweight;
- proposals for reductions in the number of years for which the Bonus is paid from the current 6 years to 4 years;
- considers mechanisms by which the changes could be calculated.

## REPORT

### 4.0 REPORT DETAILS

- 4.1 The New Homes Bonus was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. Since its launch, over £3.4 billion has been allocated, recognising delivery of over 700,000 homes and bringing over 100,000 long term empty homes back into use.
- 4.2 The New Homes Bonus (“the Bonus”) was introduced in order to provide a clear incentive to local authorities to encourage housing growth in their areas. The Government now thinks that it is appropriate to consider how the incentive element of the Bonus could be further tightened alongside possible changes to respond to the move towards full retention of business rates and the potential for further devolution of powers and responsibilities to local authorities.
- 4.3 Proposed changes to the distribution of the Bonus should be seen in the context of the outcome of the 2015 Spending Review. This confirmed the intention to move to full retention of business rates by 2020 and a preferred option for savings of at least £800 million, which can be used for social care. Savings in the overall cost of the Bonus will be redistributed with the local government settlement, in particular to support authorities with specific pressures, such as in adult social care budget.
- 4.4 Although the Government is not proposing changes for 2016-17 payments, reductions in payments will be necessary in order to stay within this new funding envelope from 2017-18 onwards. This can be combined with reforms to both sharpen its incentive effect and free up resources for authorities with particular pressures, such as adult social care.

### 5.0 IMPLICATIONS

- 5.1 The following implications have been identified:
- a) Financial  
Changes are for the 2017/2018 Budget and have an impact on RDC's Financial Strategy and the future of the Medium Term Financial Plan

### 6.0 NEXT STEPS

- 6.1 Comments received will be collated and a final response will be published within 3 months of the closing date which is 10 March 2016.

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