

Item No. 5	Classification: Open	Date:	Meeting Name: Regeneration and Leisure Scrutiny Committee
Report title:		New Homes Bonus	
Ward(s) or groups affected:		ALL	
From:		Simon Bevan ; Head of planning , policy and transport and Julie Timbrell ; project manager, Scrutiny	

New Homes Bonus : Southwark Council

- 1 The New Homes Bonus is reference in the Cabinet report on Policy and Resources 2011/12 to 2013/14 – draft revenue budget which went to Cabinet on 25 January:

64. The proposed New Homes Bonus is intended to reward local authorities and communities where growth takes place. The proposed formula for allocation is to match the level of council tax paid on each new home for 6 years with an additional £350 for each affordable unit. As an 'unringfenced' grant, there would be no restriction on its use. However, there remains uncertainty as to how this grant will be distributed and so caution must be applied when considering this grant as part of the council's overall budget for 2011-14.

New Homes Bonus and Provisional Allocations : Communities and Local Government website:

Information taken from CLG website:

www.communities.gov.uk/housing/housingsupply/newhomesbonus/

- 2 The New Homes Bonus final scheme design was published on 17 February alongside accompanying letters to English MPs, Local Authority Leaders and Chief Executives. Provisional allocations and a summary of consultation responses were also published (*See Related publications and Related downloads* below for the full package of publications).
- 3 The New Homes Bonus addresses the disincentive within the local government finance system for local areas to welcome growth. Until now, increased housing in communities has meant increased strain on public services and reduced amenities. The New Homes Bonus will remove this disincentive by providing local authorities with the means to mitigate the strain the increased population causes. In addition, in doing so the New Homes Bonus should help engender a more positive attitude to growth, and create an environment in which new housing is more readily accepted.

- 4 Commencing in April 2011, the New Homes Bonus will match fund the additional council tax raised for new homes and properties brought back into use, with an additional amount for affordable homes, for the following six years.
- 5 The Department has set aside almost £1 billion over the Comprehensive Spending Review period for the scheme, including nearly £200 million in 2011-12 in year 1 and £250 million for each of the following three years. Funding beyond those levels will come from formula grant. This will be a simple, powerful, transparent and permanent feature of the local government finance system. This will ensure that the economic benefits of growth are returned to the local area.
- 6 The New Homes Bonus will sit alongside the Government's current national planning for housing policies as set out in [Planning Policy Statement 3: Housing \(PPS3\)](#). The New Homes Bonus does not, nor is it intended to, replace or override the existing framework for making planning decisions. Local planning authorities will continue to be bound by their obligations here.
- 7 Changing the system - by rewarding rather than penalising councils for new homes - is not only fairer, but will be far more effective than the failed top-down regional targets. This will ensure that the economic benefits of growth are returned to the local authorities and communities where growth takes place.