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RE: Technical Consultation on New Homes Bonus - Sharpening the Incentive

Dear Madam or Sir,

Thank you for the opportunity to provide information in response to the above [proposals to effect changes to the New Homes Bonus](#) (hereinafter the 'Bonus'). Our comments reflect our interests in ensuring that the planning system provides adequate protections for the historic environment and enables the creation of public benefit through recourse to the core principles of sustainable development.

The Chartered Institute for Archaeologists

The Chartered Institute for Archaeologists (CIfA) is the leading professional body representing archaeologists working in the UK and overseas. We promote high professional standards and strong ethics in archaeological practice, to maximise the benefits that archaeologists bring to society, and provide a self-regulatory quality assurance framework for the sector and those it serves.

CIfA has over 3,200 members and more than 70 registered practices across the United Kingdom. Its members work in all branches of the discipline: heritage management, planning advice, excavation, finds and environmental study, buildings recording, underwater and aerial archaeology, museums, conservation, survey, research and development, teaching and liaison with the community, industry and the commercial and financial sectors.

General comments

The New Homes Bonus has been in operation for four years, however, CIfA has significant misgivings about the effect that the Bonus has on local authority practice. Whilst we recognise that the Bonus was introduced specifically to provide a 'clear incentive to local authorities to encourage *housing growth*' we continue to perceive that this, in effect, amounts to a disincentive for authorities to pursue high quality decision-making which ensures sustainable development, by effectively providing a financial penalty for refusing applications, regardless of whether those applications are sub-standard and fail tests of sustainability defined within the NPPF.

ClfA supports housing growth, but recognises equally that it is high quality homes in the right places that are needed, not simply high volume. At present, the New Homes Bonus does not adequately balance these needs and fails to encourage local authorities to work effectively towards the achievement of *sustainable* development.

The opportunity to amend the Bonus provided by this consultation offers a chance to fix these problems. We agree that incentivising performance can be useful and that in principle, the Bonus could be a useful instrument. However, the proposed amendments do not do enough to counteract our concern about a lack of balance underpinning the operation of the Bonus – i.e. that payments calculated based on gross housebuilding disincentivises proper scrutiny of applications through the determination process, encouraging unsustainable development.

The Bonus fails to encourage developers to provide proportionate information about proposals, or seek high quality, environmentally sensitive design, as per policy and provision in the NPPF, NPPG, and in local plans. If the Bonus could be used to somehow reflect these requirements, then it would be much more capable of promoting good design.

In order to more effectively reward authorities who work hard to encourage high quality development, the Government could require local authorities, as a condition of the Bonus, to put in place procedures designed to encourage better quality development. For example, by using a portion of the Bonus to allow for the reward of reduced fees for applicants who consistently include all necessary information with applications, or for those who have taken up pre-application discussions and successfully responded to planning officer recommendations. This type of qualifier for the Bonus would ensure that authorities and developers were both incentivised to work together towards high quality developments and decision-making, and not simply high volume.

This is just one way in which the New Homes Bonus could be more appropriately used to measure and reward performance against the balanced goals of housing growth and of good quality decision-making. There are many other ways in which the Bonus could provide a more genuine reflection of performance respecting this balance. We urge the Government to consider such potentials.

Specific questions

1. What are your views on moving from 6 years of payments under the Bonus to 4 years, with an interim period for 5 year payments?

1.1. No preference.

2. Should the number of years of payments under the Bonus be reduced further to 3 or 2 years?

2.1. No preference.

3. *Should the Government continue to use this approach [of calculating the bonus using council tax return information]? If not, what alternatives would work better?*

- 3.1. No. Calculating the Bonus using council tax return information is an adequate measure for determining the gross housebuilding, but is not sufficient, alone, to remove the risk that authorities will be effectively penalised for refusing permission to inappropriate and unsustainable development.
- 3.2. A more effective calculation would balance the disincentive for refusal by similarly rewarding measures of good quality decision-making, for example percentage appeals won and percentage applications processed on-time.
- 3.3. Other qualifying measures could also be put in place to ensure that good decision making is encouraged. For example, the full bonus could only be released to authorities which have instituted particular positive practices, for example, effective pre-application procedures (which could include such mechanisms as reduction in pre-app consultation charges for developers which meet all officer recommendations arising from pre-application discussions).

4. *Do you agree that local authorities should lose their Bonus allocation in the years during which their Local Plan has not been submitted? If not, what alternative arrangement should be in place?*

- 4.1. Yes, unless there are reasons beyond the control of the local authority. The NPPF puts a strong emphasis on the local plan as both an instrument used to encourage sustainable house-building by directing development to appropriate areas, ensuring contextual understanding of local development requirements, and setting appropriate levels for housing need. Despite existing pressure from Government, many local authorities still have not produced NPPF compliant local plans, which necessarily devalues the potential of the planning process to deliver sustainable development.
- 4.2. It would seem an appropriate move to withhold some or all of the Bonus from authorities which have not passed a local plan without good reason. ClfA supports the Government's preferred option of a graded scale for withholding the Bonus which reflects progress made towards production and submission of a plan.
- 4.3. ClfA would also support a system which was capable of recognising appeals from local authorities to have their Bonus reinstated if factors beyond their control are responsible for delays in delivering a local plan.

5. *Is there merit in a mechanism for abatement which reflects the date of the adopted plan?*

- 5.1. There is merit to incentivising that local plans are kept up to date, however, without further information on what precise measurement will be used to determine plans which are up to date, it is impossible to make a decision about whether the mechanism would allow the Bonus to better reflect genuinely effective planning authorities, or simply compound the problem of over-reliance on gross house-building data.

6. Do you agree to this mechanism for reflecting homes only allowed on appeal in Bonus payments?

6.1. No – the proposal requires further balancing to ensure fairness (see 7.1).

7. Do you agree that New Homes Bonus payments should be reduced by 50%, or 100%, where homes are allowed on appeal? If not, what other adjustment would you propose, and why?

7.1. No. This proposal is a logical move to more effectively focus the Bonus to better reflect positive action taken on the part of local planning authorities. However, if this type of mechanism is designed to ensure that local authorities do not refuse applications without sound reasoning, it should be balanced with an appropriate recognition that applications for permission which are defeated at appeal will be rewarded – as they prove that the authority is also upholding proper tests of sustainability and quality. This would balance the potential for authorities to perceive a *de facto* risk or disincentive to refuse applications, instead providing an incentive for efficient and effective decision-making and housebuilding output.

7.2. We agree that any mechanism for altering Bonus payments based upon whether a decision was granted on appeal should take adequate account of the wide variety of reasons why appeals decisions are arrived at, some of which will not result from authorities opposing development.

8. Do you agree that reductions should be based on the national average Band D council tax? If this were to change (see question 2) should the new model also be adopted for this purpose?

8.1. No preference.

9. Do you agree that setting a national baseline offers the best incentive effect for the Bonus?

9.1. No. A national baseline will disadvantage local authorities in areas of slower growth or lower demand for housing. If a baseline is to be set, it should be based upon historic data for the growth rate of dwellings in that area, or a percentage of the assessed housing need, as calculated within the local plan, in accordance with the NPPF.

10. Do you agree that the right level for the baseline is 0.25%?

10.1. N/A

11. Do you agree that adjustments to the baseline should be used to reflect significant and unexpected housing growth? If not, what other mechanism could be used to ensure that the costs of the Bonus stay within the funding envelope and ensure that we have the necessary resources for adult social care?

11.1. Yes.

12. Do you agree that the same adjustments as elsewhere should apply in areas covered by National Parks, the Broads Authority and development corporations?

12.1. No. National Parks Authorities are subject to special concerns when it comes to housebuilding. In these areas the duty to cooperate with surrounding local authority areas in order to meet the special requirements to preserve and enhance the special qualities of those designated areas and yet deliver necessary housing growth may require the application of the Bonus to be adjusted. For instance, neighbouring (or overlapping authorities) may be able to agree to split the homes bonus based upon cooperative agreements to absorb housing demand from the National Park within other areas.

13. Do you agree that county councils should not be exempted from adjustments to the Bonus payments?

13.1. Yes.

14. What are your views on whether there is merit in considering protection for those who may face an adverse impact from these proposals?

14.1. Where factors affecting housing growth rates are legitimately outside the control of the local planning authority there should be opportunities to be protected from adverse consequences of these proposals.

If there is anything further that we can do to assist, please do not hesitate to contact us.

Yours faithfully,



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