

17 February 2011

**To Local Authority Chief Executives**

Our Ref:

Your Ref:

Dear Chief Executive,

## **NEW HOMES BONUS – FINAL SCHEME DESIGN AND PROVISIONAL ALLOCATIONS**

Today, the Rt.Hon Grant Shapps MP, Minister for Local Government and Housing, announced the final design of the New Homes Bonus scheme and the 2011-12 provisional allocations for your authority. The New Homes Bonus will fulfil the Government's Coalition Agreement commitment to provide local authorities with real incentives to deliver housing growth.

On the 12 November the Rt. Hon Grant Shapps MP wrote to English MPs and Local Authority leaders announcing a consultation on implementation of this commitment through the proposals for the New Homes Bonus. The consultation closed on 24 December. The responses gave widespread support to the proposed principles of the scheme and the broad scheme design. After considering all responses the Minister has announced the Government's response to consultation, final scheme design and implementation.

The New Homes Bonus is designed to address 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.

The New Homes Bonus scheme will be a powerful, simple and transparent incentive. Commencing in April 2011, the Bonus will match fund the additional council tax potential from increases in effective housing stock, with an additional amount for affordable homes, for the following 6 years. For the first time, it will ensure that the natural economic benefits of growth are returned to the local authorities and communities where growth takes place.

The New Homes Bonus sits alongside the existing planning system. Local planning authorities will continue to be bound by their obligations under planning law and, in particular, the new Homes Bonus is not intended to encourage housing development which would otherwise be inappropriate in planning terms.

The final design of the scheme and summary of consultation responses can be found at:

<http://www.communities.gov.uk/housing/housingsupply/newhomesbonus>

### **2011-12 Provisional Allocations**

Provisional Allocations for the New Homes Bonus in 2011-12 are available at; <http://www.communities.gov.uk/housing/housingsupply/newhomesbonus>

You have up to 10 March to make any representations on your authority's provisional allocations before final allocations are confirmed in April. We strongly recommend that county and district councils in two-tier areas liaise during this process. The note at Annex A sets out how to make representations, which in two tier areas should come from the district.

New Homes Bonus Team at; [Newhomesbonus@communities.gsi.gov.uk](mailto:Newhomesbonus@communities.gsi.gov.uk). I am writing in similar terms to your local authority leader and local MP

Yours sincerely,



**Terrie Alafat**  
**Director**  
**Housing Growth and Affordable Housing**

## Annex A

### NEW HOMES BONUS – PROVISIONAL ALLOCATIONS CHECKING EXERCISE DEADLINE 10 MARCH 2011

1. The data for the provisional allocations comes from Lines 1, 3, 12, 14 and 15 of the 2009 and 2010 Council Tax Base forms which have already been signed off by Chief Finance Officers. The Scheme Design can be found at <http://www.communities.gov.uk/housing/housingsupply/newhomesbonus> . The calculation can be found under Basis of Calculation.
2. Lines 1 and 3 show the properties currently on an authority's valuation list, with line 1 coming directly from the Valuation Office Agency. We do not expect there to be errors on this line. However we would consider a representation on these lines if an authority is able to demonstrate that a re-banding has occurred between October 2009 and October 2010 which in its opinion has a material affect on the calculation of its NHB grant. In this case you should **submit evidence of the re-banding and the financial effect to [newhomesbonus@communities.gsi.gov.uk](mailto:newhomesbonus@communities.gsi.gov.uk) by 10 March 2011.** The letter should come from the Chief Finance Officer. The Department will consider the accuracy of any such representations and whether the financial consequences are material enough to justify an adjustment to the data.
3. Lines 12, 14 and 15 record empty homes. We will accept representations on this data where there are errors in either the October 2009 or October 2010 form. This should be done by **revising 2009 and 2010 Council Tax Base forms, which should be sent to [CTB.statistics@communities.gsi.gov.uk](mailto:CTB.statistics@communities.gsi.gov.uk) by 10 March 2011. A signed CFO copy should follow in post.**
4. If you believe that we have miscalculated the Bonus for your authority in any other way, please contact us at [newhomebonus@communities.gsi.gov.uk](mailto:newhomebonus@communities.gsi.gov.uk) by 10 March 2011.
5. In the case of district councils in two-tier areas, the county council should be copied in on any data representations and as a matter of good practice we recommend that counties are informed at the earliest opportunity if data errors are suspected.