

Select Committee Agenda



Resources Select Committee Tuesday, 9th February, 2016

You are invited to attend the next meeting of **Resources Select Committee**, which will be held at:

**Committee Room 1, Civic Offices, High Street, Epping
on Tuesday, 9th February, 2016
at 7.30 pm .**

**Glen Chipp
Chief Executive**

**Democratic Services
Officer**

A Hendry, Directorate of Governance
email: democraticservices@eppingforestdc.gov.uk Tel:
01992 564246

Members:

Councillors G Mohindra (Chairman), P Keska (Vice-Chairman), K Angold-Stephens, N Bedford, S Kane, H Mann, A Mitchell, A Patel, S Watson and J M Whitehouse

SUBSTITUTE NOMINATION DEADLINE:

18:30

1. APOLOGIES FOR ABSENCE

2. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

(Director of Governance) To report the appointment of any substitute members for the meeting.

3. NOTES OF THE LAST MEETING (Pages 3 - 10)

To agree the notes of the last meeting held on 14 December 2015.

4. DECLARATIONS OF INTEREST

(Director of Governance) To declare interests in any items on the agenda.

In considering whether to declare a personal or a prejudicial interest under the Code of Conduct, Overview & Scrutiny members are asked pay particular attention to paragraph 11 of the Code in addition to the more familiar requirements.

This requires the declaration of a personal and prejudicial interest in any matter before an OS Committee which relates to a decision of or action by another Committee or Sub Committee of the Council, a Joint Committee or Joint Sub Committee in which the Council is involved and of which the Councillor is also a member.

Paragraph 11 does not refer to Cabinet decisions or attendance at an OS meeting purely for the purpose of answering questions or providing information on such a matter.

5. TERMS OF REFERENCE AND WORK PROGRAMME (Pages 11 - 16)

(Chairman/Lead Officer) the Overview and Scrutiny Committee has agreed the Terms of Reference of the Committee. This is attached along with an ongoing work programme. Members are invited at each meeting to review both documents.

6. HOUSING BENEFIT FRAUD AND COMPLIANCE (Pages 17 - 20)

(Director of Resources) to consider the attached Report.

7. DATA QUALITY STRATEGY 2016/17 TO 2018/19 (Pages 21 - 30)

(Director of Governance) to consider the attached report.

8. KEY PERFORMANCE INDICATORS 2015-16 - QUARTER 3 PERFORMANCE (Pages 31 - 48)

(Director of Governance) to consider the attached report.

9. GOVERNMENT CONSULTATION ON NEW HOMES BONUS (Pages 49 - 82)

(Director of Resources) To consider the attached report.

10. REPORTS TO BE MADE TO THE NEXT MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE

To consider which reports, if any, should be submitted to the Overview and Scrutiny Committee at its next meeting.

11. FUTURE MEETINGS

To note the scheduled future meeting: 12th April 2016

**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF RESOURCES SELECT COMMITTEE
HELD ON MONDAY, 14 DECEMBER 2015
IN COMMITTEE ROOM 2, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.30 - 9.00 PM**

Members Present: G Mohindra (Chairman), P Keska (Vice-Chairman), K Angold-Stephens, N Bedford, S Kane, A Patel, S Watson and J M Whitehouse

Other members present: S Stavrou

Apologies for Absence: H Mann

Officers Present P Maddock (Assistant Director (Accountancy)), P Maginnis (Assistant Director Human Resources) and A Hendry (Senior Democratic Services Officer)

24. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that there were no substitute members for this meeting.

25. NOTES OF THE LAST MEETING

The minutes of the meeting held on 13 October 2015 were agreed subject to Councillor's Keska's name being deleted from the declarations of interests as he was not a member of a Town or Parish Council.

It was noted that Mr Maddock would provide the Committee with an explanatory note on the 40% business rate received by the Council (item 15, resolution 4 of the minutes).

26. DECLARATIONS OF INTEREST

There were no declarations of interest made pursuant to the Member's Code of Conduct.

27. TERMS OF REFERENCE AND WORK PROGRAMME

The Select Committee noted their terms of reference and work programme.

28. DRAFT GENERAL FUND CSB AND DDF LISTS AND SAVINGS UPDATE

The Select Committee considered the first draft of the Continuing Services Budget (CSB) and the District Development Fund (DDF) schedule for 2016/17.

They noted that the Financial Issues Paper went to the last meeting of this committee in October, highlighting a number of financial uncertainties and risks facing the authority, including the reduction in Central Government funding, retention of Business Rates, Welfare reform and the Leisure Management Contract renewal. Since then there had been a number of other items identified such as the increase in the employers national insurance contributions, relating to the employees in the Local Government Pensions Scheme.

The Governments Spending Review was due shortly, speculation was that District Councils would be hit the hardest, although this Council was well placed to meet that challenge.

Councillor Bedford asked if the loss at North Weald Airfield was due to the reduction in rent. He was told that it was. He then asked what was the "Safety of Bund" expenditure noted for the at NW Airfield. He was told that the Bund was a mound of earth adjoining the M11 that had to be stabilised.

Councillor Whitehouse noted the additional income for Country Care, and added a note of caution that officers working for Country Care should not spend time chasing income, that was not their job and if they were doing that then were probably not doing their job properly.

Councillor Watson noted that the Local Plan had to be finished by 2017, would the money slip forward a year. She was told that if that if it did it would not matter.

Councillor Patel asked how much of the Business Rate did we keep. He was told that at present it was a notional 40%, but this may go up to 80% at some time. Out of the 40% we only end up with 9% as we have to put into a central pot. It should be noted that we were expecting to see a cut in the revenue support grant in 2016/17. There was some indication that this would be phased in over some time.

RESOLVED:

That the Select Committee noted that first draft of the Continuing Services Budget (CSB) and the District Development Fund (DDF) schedules.

29. QUARTERLY FINANCIAL MONITORING - QUARTER 2

The Assistant Director (Accountancy), Peter Maddock introduced the second quarter figures for 2015/16. The report provided a comparison between the original estimate for the period ended 30 September 2015 and the actual expenditure or income applicable.

It was noted that:

- The salaries schedule showed an underspend of £287,000 or 2.7%, a vacancy allowance of 1.5% had been allowed for but clearly vacancies were running at a higher level at present;
- investment interest levels were below expectations at month 6 by £45,000;
- Development Control income at month 6 was continuing its recent upward trend;
- Building Control income was now £31,000 higher than the budgeted figure at the end of the second quarter;
- Income from MOT's was £3,000 above expectations;
- Car parking income was £41,000 below the estimates as at month 6, this was picking up and now going in the right direction;
- Local Land Charge income was below the estimate by month 6 as there had been a reduction in searches undertaken.

Generally income was doing well apart from land charges. It should be noted that also included in the report appendices was a short note on the current status of the Epping Forest Shopping park.

Councillor Whitehouse asked why the Business Rate income was going down, he was told that the primary reason was the number of appeals put in.

Councillor Angold-Stephens said that the Leisure contract always had a problem with this, there was a need to look at how to stabilise the payments made in the new contract.

Councillor Watson would be concerned if accountancy was understaffed, but she was reassured that they had recently filled a vacancy and were now up to full establishment.

Councillor Bedford asked about the underspend figures and asked if paternity and maternity leave was taken into account. He was told that no allowances was built in but it would be compensated for at year end.

RESOLVED:

That the Select Committee noted the revenue and capital financial monitoring report for the second quarter of 2015/16.

30. KEY PERFORMANCE INDICATORS 2015/16 - QUARTER 2 PERFORMANCE

The Assistant Director (Accountancy), Peter Maddock introduced the second quarter figures for the Key Performance Indicators (KPI) for 2015/16. A range of thirty six KPIs were adopted in March 2015. The overall position with regard to the achievement of target performance for all the KPIs at the end of Q2, was as follows:

- (a) 26 (72%) indicators achieved target at the end of Q2;
- (b) 10 (28%) indicators did not achieve the Q2 target; although
- (c) 1 (10%) indicators performed within their tolerated amber margin.
- (d) 26 (72%) indicators are currently anticipated to achieve their cumulative year-end target.

Nine (9) of the Key Performance Indicators fell within the Resources Select Committee's areas of responsibility. The overall position with regard to the achievement of target performance at the end of Q2 for these 9 indicators, was as follows:

- (a) 6 (67%) indicators achieved the Q2 target;
- (b) 3 (33%) indicators did not achieve their Q2 target; although
- (c) 1 (11%) indicators performed within its tolerated amber margin.
- (d) 8 (89%) indicators are currently anticipated to achieve their cumulative year-end target.

RESOLVED:

That the Select Committee noted the Key Performance Indicators within its area of responsibility at the end of Quarter 2 for 2015/16.

31. SICKNESS ABSENCES 2015/16 - QUARTERS 1&2

Paula Maginnis, the Assistant Director (Human Resources) introduced the sickness absence report for quarters 1 and 2. It was noted that the Council's target for

sickness absence for 2015/16 was an average of 7 days per employee. The outturn figure for 2014/15 was an average of 9.2 days per employee. This put the council above its target for the first time in 4 years. This year, although still running above target the figures were slightly better than this time last year. It was also noted that the 2015 Chartered Institute of Personnel Development (CIPD) report stated that a number of organisations (not just in the public sector) reported that they had seen an increase in stress related absence and mental health problems. Although minor illness accounts for most short term absence whereas acute conditions such as stress, musculoskeletal, mental health and back pain are the most common reasons for long term absences. The council reflected these findings.

It was worth noting that according to Mind (the mental health charity) in some instances staff report that they are absent due to musculoskeletal problems rather than mental health reasons. Individuals can experience back and other musculoskeletal pain when suffering from mental health issues. However, in all cases it seems that there were no underlying mental health issues for those recording this reason as sickness absence.

The number of days taken due to mental health issues had increased significantly from 2013 to 2015. This may be due to internal factors such as change within the authority, there has been a number of directorate/team reorganisations or that mental health issues have lost some of its stigma and staff are more comfortable recording their absence correctly.

As part of the improvement plan HR will arrange workshops for managers on mental health issues. The first four of a number of workshops have been arranged for December and it would be mandatory for all managers to attend. The Council was also working with 'Rethink', a mental health charity and Vine HR to arrange these sessions.

Councillor Bedford asked if there would be feedback forms from these sessions. He was told that this was done for all training sessions. These sessions have also been previously piloted and improved where necessary for our use.

Councillor Watson commented that 2013 was the last good year for sickness levels. Was it unrealistic to hark back to this target, it may now settle down at a different level. Ms Maginnis replied that they were doing a lot of training with managers and were also looking to do something different in the future, such as attending team meetings and speaking to staff directly. It should be noted that the Council did start out at a high level of 10 days average when the national average was 8. They were looking to bring it down to this level eventually.

Councillor Patel asked if return to work interviews were conducted. He was told that they were, for every absence.

RESOLVED:

That the Select Committee noted the report on sickness absences.

32. UPDATING REPORT

Paula Maginnis, the Assistant Director (Human Resources) introduced a report updating the Committee on various corporate projects and area of work carried out by the HR Team.

Apprentices - The Committee noted that the first cohort of apprentices (2013-15) had now successfully finished their apprenticeships. The council appointed 7 business administration apprentices and 2 multi trade apprentices. The business administration roles would provide a range of transferable skills and thus offer more opportunities for employment.

They were issued with fixed-term contracts for a maximum of 2 years. The aim of the apprenticeship programme was to ensure that the apprentices were recruited to permanent positions in the Council. In the end 8 out of 9 apprentices passed their qualifications. The one who did not had left early in the programme.

The second cohort has now been appointed and it had been decided that it would be just for local young people who would do appropriate NVQs at the local college. There was not as much money around to fund as many places as last time but they received some help from the Communities Directorate in conjunction with a Housing Association and were able to fund two more places, but these places were reserved for the children of their tenants. This time around, the apprentices' progress would be monitored more closely.

In between the cohorts, in 2014, the Council agreed to participate in the National Graduate Development Programme, a 2 year national management trainee programme for high calibre graduates. Managers were required to bid to have the graduate for 6 months. He has now completed 2 of his 4 placements. Currently he is working in Communities researching the impact of an aging population on the Council's services. His final placement will be working with the Head of Transformation.

No decision has been made as to whether the Council participates in the National Graduate Programme 2016.

In response to questions asked, the committee noted that:

- The apprentices are paid above the minimum required. They are separately funded by HR and not the directorates;
- The first cohort was very enthusiastic and intelligent and were willing to give everything a go and worked well;
- Ms Maginnis would check to see if the Council received any grants for the apprentices;
- Planning was running their own graduate programme and were looking to take on two trainee planners.

Shared Services – HR – the HR team participated in the Essex network of the heads of HR the Essex Strategic Partnership for a number of years. In 2010 the partnership reviewed its governance arrangements and agreed to develop it into a not for profit company.

The aim of setting up a not for profit organisation was so that;

- it could generate its own income so it becomes self-sufficient;
- it could provide value for money for the member authorities in any contractual arrangements;
- Heads of HR can work more collaboratively and achieve greater savings for their authorities; and
- It provides a formal framework for the Heads of HR, limiting the risks and liabilities for individual authorities.

The Partnership established VineHR and there are currently 7 Directors managing the business. Councils are the shareholders and had a liability of just £1 each. Since the establishment of VineHR, it has undertaken 2 significant procurement exercises for the following;

- E-Learning Platform;
- Framework of management training providers.

Using the framework, the Council has trained 54 managers and potential managers through the ILM management and leadership programmes and our internal coaches/mentors, of which we have 15, also attend ILM coaching/mentoring programmes. They were able to provide this training by working with others collectively.

The Council's Assistant Director (HR) took the lead to commission mental health awareness training for managers on behalf of VineHR which 140 of its managers will attend as part of the sickness absence improvement plan.

The Council's Learning and Development Manager, a member of VineHR's Training Project Team, successfully put together the ILM programmes and commissioned/organised a range of Masterclasses on a wide range of subjects.

In response to questions asked, the committee noted that:

- VineHR provides a lot of help to the Town and Parish Councils, for which they are able to buy services;
- All Parish and Town Councils were aware of VineHR and the services they provide.

Procurement of a HR/Payroll IT System – it was noted that the current payroll IT system was not fit for purpose and that they were presently in discussions with Colchester and Braintree Council's with the aim of jointly procuring a system. The evaluation process was due to be finalised before Christmas with an implementation/start date early in the new financial year.

Broxbourne – officers were having initial discussions with Broxbourne Council to identify potential areas where we could work together and find efficiencies. They currently provide museum services for us and it may be we can work closer with them.

Mast Money Budget – it was noted that the Council receives rent from communications companies for the lease of space on the Civic Offices roof for a communications mast. Members have agreed that any money from this lease would be allocated to projects that would benefit the staff. Last year a £20 gift voucher was purchased from Marks and Spencer at Christmas for each member of staff. Subsequently, discussions had taken place at the Joint Consultative Committee and via an employee consultation exercise regarding future use of this budget. The outcome of the survey showed that that the 3 most popular suggestions were: Gift Cards, a Benefit Portal and Health Checks. The advantage of all three suggestions is that they can apply equally to all staff regardless of their location.

In response to questions asked, the committee noted that:

- The Council has tried to get the Directors to write to all staff that had not taken any sick leave, but this had not worked. Any incentive to not go sick

would become an attendance bonus and would be a difficult call to make. Currently we were looking at the sickness target and are training managers in how to handle their staff. Trying to look at this in a different way.

- Away days, team building courses have been held for managers and management Board, but not generally for staff.

Councillor Stavrou commented that it was easier to make the workplace better in little ways like supplying biscuits and coffee etc. There has recently been a lot of anxiety about the Transformation Policy but this should settle down now. We could also look into something like having a staff discount for gym membership.

Employee Engagement – The Graduate Trainee organised Employee Engagement Workshops to involve staff and were run from April to June 2015 to gain feedback from employees on a range of engagement centred topics. There were 62 employees who attended the workshops across five different sessions. The workshops were targeted to include a range of employees across the authority e.g. different; locations, grades, roles and areas of work. There were a further two more workshops presented to Leadership Team and JCC.

Employee Survey – As part of the work on the Engagement Strategy the Graduate Trainee was tasked with carrying out the Employee Survey. During the workshops referred to previously employees were asked their views on obstacles to completing the survey.

Unfortunately, despite taking all the comments on board, the response rate was lower than the previous staff survey (58% in 2013 compared to 32% in 2015). The Joint Consultative Committee has requested that those employees who did not participate are asked why they did not.

RESOLVED:

- (1) That the Committee noted the update report on Apprentices; the Council's Graduate Trainee; Shared Services in Human Resources; the Mast Money Budget and Employee Engagement activity; and
- (2) That the apprentices, along with the Graduate Trainee be asked to give a presentation to this Select Committee at their April 2016 meeting.

33. REVIEW OF PRIVATE FUNDING

The Select Committee noted that Grants and Contributions make up a fairly modest proportion of capital funding, this includes section 106 and similar income which the Council receives as part of agreements made when planning permission was granted for development schemes. These monies could be provided for a variety of different purposes and would be based upon requirements identified as part of the planning process. The types of project could range from education, highways, leisure, health and affordable housing provision. In some cases the money was provided to the County Council or the National Health Service and in other cases to this Council.

If a developer is developing land for housing purposes there was a requirement to provide 30% affordable housing. The developer will either build that housing on the site they are developing or as in a number of instances, provide money to the Council

to meet the required social housing on another site. Prior to the house building programme this money was used by the General Fund and passed to housing associations, however this money is currently being used by the HRA.

There are also other legal documents which provide for financial payments to be made to the Council known as a Deed of Unilateral Undertaking. The Council is not a party to the Deed but under the legislation (S106 Town and Country Planning Act 1990, as amended) is able to enforce the undertaking given if necessary. As the Council is not a party it does not make any commitment to returning the monies if not spent, so the party making the payment has no ability to enforce repayment against the Council. Having said that the Council must spend the monies for the purpose given or be open to possible challenge by way of Judicial Review.

As at 31st March 2015 the Council held £2,172,000 in various private contributions; £1,173,000 for affordable housing, £474,000 for other projects, £477,000 due to other organisations varying from NHS England to a number of parish councils and £48,000 from the Civic Offices O2 mast. Based on current expectations the affordable housing contributions should all be used in 2015/16, however there is likely to be funding still available for other projects.

It is possible that Section 106 agreements would be replaced by the Community Infrastructure Levy or CIL, This was being evaluated as part the Local Plan process by a consultant who was doing the groundwork to assess whether or not we should put a CIL in place, however we will not be able to adopt this until the Local Plan has been finalised. The work on this is being paid for from the Local Plan DDF budget.

The Committee noted that some S106 money had not been spent and that there was a time limit that applied to some of this money. It was suggested that there was a case to make ward councillors aware of this and to have decisions made at Cabinet level as apparently no one had ownership of it at present.

Agreed that a list of this money be made available to the Cabinet under private business for discussion and to have a look at the principal of the use of this money.

RESOLVED:

- (1) That current position on private funding was noted; and
- (2) That the anomaly of unspent funds be brought to the attention of the Cabinet and relevant Ward mMembers for further discussion.

34. REPORTS TO BE MADE TO THE NEXT MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE

The Committee noted that a general update would be going to the next O&S Committee.

35. FUTURE MEETINGS

The dates of the Select Committee's future meeting were noted and that there would be a joint meeting with the Finance and Performance Management Cabinet Committee to discuss next year budget; to be held on 21 January 2016.

RESOURCES SELECT COMMITTEES

TERMS OF REFERENCE 2015/16

Title: Resources Select Committee

Status: Select Committee

1. To undertake overview and scrutiny, utilising appropriate methods and techniques, of services and functions of the Resources Directorate, excluding those matters within remit of the Audit and Governance Committee, the Standards Committee or the Constitution Working Group;
2. To consider any matter referred to the Select Committee by the Overview and Scrutiny Committee;
3. To undertake quarterly performance monitoring in relation to the services and functions of the Resources Directorate, though review of progress against adopted key performance indicators and other appropriate measures;
4. To identify any matters within the services and functions of the Resources Directorate requiring in-depth scrutiny, for referral to the Overview and Scrutiny Committee;
5. To establish working groups as necessary to undertake any activity within these terms of reference;
6. To respond to applicable consultations as appropriate;

Finance

7. To consider the draft directorate budgets for each year, and to evaluate and rank proposals for enhancing or reducing services where necessary, whilst ensuring consistency between policy objectives and financial demands;
8. To review key areas of income and expenditure for each directorate on a quarterly basis throughout the year;

Information and Communications Technology

9. To monitor and review progress on the implementation of all major ICT systems;

Value For Money

10. To consider the Council's comparative value for money 'performance', and to recommend as required to the Finance and Performance Management Cabinet Committee, in respect of areas where further detailed investigation may be required;

Human Resources

11. To monitor and review areas of concern or significance that comes under Human Resources.

Chairman: Cllr Mohindra

Resources Select Committee (Chairman – Cllr Mohindra)

2015/16

Item	Report Deadline/ Priority	Progress / Comments	Programme of Meetings
(1) To review the specific quarterly KPI's for 2015/16	Quarterly.	Progress reports to meetings: Q1 in October 2015; Q2 in December '15; Q3 in April '16	14 July 2015; 13 October; 14 December;
(2) Key Performance Indicators 2014/15– Outturn	Outturn KPI performance considered at the first meeting of each municipal year.	Outturn KPI performance report for 2014/15 for July 2015 meeting.	09 February 2016; 12 April
(3) Detailed Portfolio Budgets	Portfolio budgets considered on an annual basis jointly with the Finance & Performance Management Cabinet Committee.	Annual review of portfolio budgets to be considered at joint meeting with the F&P M Cabinet Committee in January of each year. The F&PM Cabinet Committee was held on 21 Jan. 2016	
(4) ICT Strategy – Progress Call-handling in October '15	Progress against ICT Strategy considered on an annual basis.	Progress report considered at meeting on 13 October 2015. Including call/response handling but not on options following introduction of new telephony system.	
(5) Fees and Charges 2016/17	Proposed fees and charges for 2016/17 - considered at October 2015 meeting.	Proposed fees and charges considered on an annual basis each October.	
(6) Provisional Capital Outturn 2014/15	Provisional outturn for 2014/15 considered at July meeting.	Provisional Revenue Outturn considered on an annual basis at first meeting in each municipal year.	

(7) Provisional Revenue Outturn 2014/15	Provisional outturn for 2014/15 considered at July 2015 meeting.	Provisional Revenue Outturn considered on an annual basis at first meeting in each municipal year.
(8) Sickness Absence Outturn	July 2015	To review the Sickness Outturn report for 2014 - 15.
(9) Sickness Absence	Half-yearly progress reports for 2015/16 to be considered at December and April meetings.	Detailed progress against achievement of sickness absence targets reviewed on a six-monthly basis
(10) Medium Term Financial Strategy & Financial issues paper	October 2015	Received the financial issues Paper and Medium term financial strategy including 4 year General Fund forecast
(11) Quarterly Financial Monitoring	Oct 2015; Dec.2015; & Feb.2016	To receive quarterly financial monitoring reports
(12) Apprentices & Graduates	December 2015	Received an updating report at the Dec.2015 meeting. To receive a presentation on the Council's apprenticeship scheme and it's graduate scheme
(13) Planning Enforcement	October 2015	Received a review of the Planning Enforcement team's work. Considering their processes and not specific cases.
(14) Shared Services Working	December 2015	To review any shared services working being carried out by EFDC. HR are currently working with Colchester and Braintree Councils on a shared HR payroll system. Received an updating report at the December '15 meeting.

(15) Facilities Management	October 2015	Received an updating report on the rationalising of the Council's Energy Bills.
(16) Private Funding	December 2015	Received a report considering any avenues of private funding available to EFDC.
(17) Housing Benefit Fraud & Compliance	February 2016	To receive a report on the fraud team's work.
(18) Corporate Debt Processes	April 2016	To receive a report on the approach adopted to dealing with the debts due to the Council.
(19) Careline and Housing Related Charges	October 2015	Received a report on the proposed charging plan for Housing Related Support (HRS)

This page is intentionally left blank

Report to the Resources Select Committee

Date of meeting: **9 February 2016**



Portfolio: Finance

Subject: Housing Benefit Fraud and Compliance

Officer contact for further information: Janet Twinn (01992 564215).

Democratic Services Officer: Adrian Hendry (01992 564246).

Recommendation:

To note the current situation with regard to Housing Benefit fraud and compliance.

Executive Summary:

From 1 October 2015, the responsibility for the investigation of Housing Benefit fraud was transferred from the Authority to the Single Fraud Investigation Service which is part of the Fraud and Error Service within the Department for Work and Pensions. The report provides an update to the situation since the transfer of the responsibility. Responsibility for Local Council Tax Support fraud remains within the Authority and is investigated by the Corporate Fraud Team.

Reasons for Proposed Decision:

Members are asked to note the information contained in the report with regard to Housing Benefit fraud following the transfer of this responsibility to the Single Fraud Investigation Service.

Other Options for Action:

No other options applicable.

Report:

1. The Welfare Reform Act 2010 allowed for the introduction of the Single Fraud Investigation Service (SFIS) which brings together the responsibility for the investigation of various welfare benefits into one team managed by the Department of Work and Pensions (DWP). However, it was not until 2015 that Housing Benefit investigation work actually transferred to the Fraud and Error Service (FES) within the DWP. There was a roll out schedule with designated dates for each Authority to ensure that the transfer was carried out gradually during the year. The Essex Authorities all transferred either on 1 September 2015, 1 October 2015 or 1 November 2015, the date for Epping Forest being 1 October 2015.

2. It was not only the work that was transferred to FES but also the majority of the staff. Four of the existing Benefit Investigators were transferred to the DWP under TUPE like legislation. Three of these were transferred to the Harlow DWP office and the other was transferred to the

Basildon DWP office. The former Benefit Investigation Manager is now the Manager of the Council's Corporate Fraud Team and is the only member of the former Benefit Investigation team who remained with the Authority.

3. The procedure for now sending a referral regarding Housing Benefit fraud investigation is that a referral form is completed and emailed to a central FES team. From there, the FES team will assess the referral and decide whether to undertake any action and, if so, whether it should be looked at by the Compliance team of FES, or whether it should be investigated by SFIS. However, we are not advised of that decision and it is only if SFIS ask for further information and supporting documents that we know that some action is being taken. This could be weeks or months after we have sent the referral. We would not be made aware if they decide not to take any action, or if they refer it to their compliance team.

4. If a referral is passed to SFIS for investigation, it could be allocated to any SFIS team and would not necessarily be investigated by the SFIS team in Harlow. As they have no documents relating to Housing Benefit, we are requested to provide all the documentation that we have. However, this has proved problematic as we need to send the documents electronically but the DWP's IT system cannot accept the file size that we need to send. This has emerged as a problem for all Authorities which the DWP has not yet resolved.

5. Any investigation that had been commenced prior 1 October 2015 was transferred to SFIS and re-allocated to the Officer who had commenced the investigation. 31 cases in total were transferred. Of these 4 have been closed, prosecution proceedings are being taken for 3, a Pension Credit decision is awaited for 3, 2 have been referred to the Compliance team, 3 have been transferred to the SFIS teams at Braintree, Hoxton and Stevenage and therefore we have no knowledge of the position with the investigation, and the rest are ongoing investigations.

6. In order to mitigate the effects of the transfer of the Housing Benefit investigation work, a restructure of the Benefits Division was needed. A Compliance team was created to carry out initial enquiries and clarify/obtain information relating to applications for Housing Benefit/Local Council Tax Support, and Liaison Officer posts were created with part of their duties being the liaison point between the Authority and SFIS. There was always concern that we would not be kept informed of what was happening to any cases referred to SFIS and that we would have no control over which cases were investigated and when. It therefore has become necessary to make our own enquiries through the Compliance team and to make decisions based on the information that we could obtain. This has so far worked well. Claimants do have the opportunity to appeal any decisions if they consider that our decision has been based on incorrect information. Due to making our own enquiries, the number of referrals that we make to SFIS has therefore significantly decreased from the number of referrals that the former Benefit Investigation team dealt with. Since 1 October 2015, we have only made 9 referrals to SFIS and these have all been referrals relating to income for 'passport' cases. Passport cases are where Housing Benefit entitlement is based on the fact that the claimant receives either Income Support, Income based Job Seekers Allowance, Income related Employment and Support Allowance or Guaranteed Pension Credit. In order to change the Housing Benefit in these cases, we need a decision from the DWP withdrawing entitlement from the passported benefit and therefore there is little point in pursuing enquiries ourselves. In any other case, we have made enquiries ourselves and made a decision based on the information that we have obtained. Of the 9 cases that we have referred since 1 October 2015, we have had no information about where they have been allocated or even if they have been allocated yet. Requests for further information have been received in 17 other cases, none of which originated from a referral from this Authority. We will continue to monitor the requests for further information as other Essex Authorities are finding that this task alone is becoming a full time job for an Officer.

7. The Corporate Fraud Team have not carried out any investigations of suspected Local Council Tax Support fraud, but they have been able to obtain information for the Compliance

Team where the information can only be obtained by an Investigation Officer, eg. credit checks, police checks or original tenancy agreements from landlords/agents etc.

8. Traditionally communication with the DWP is difficult because their staff are frequently moved to different roles and/or offices. It is therefore not possible to build any relationship with regard to any particular project or work stream. Communication with the SFIS team in Harlow has been good with regard to the cases that were transferred, but only because three members of the former Benefit Investigation team are currently based there. However, two of those are now transferring out of the Harlow office which means that future communication may not be so effective.

9. The transfer of both the staff and the cases that were already under investigation went very smoothly and the measures that we have put in place for the Compliance team to carry out further checks seems to be working well. Our working practices have been changed to adapt to the lack of control over Housing Benefit fraud investigation and we will continue to monitor the situation and make further changes if necessary. However, it is too early to determine exactly how effective the transfer to a single fraud investigation service will be in reducing fraud in the Housing Benefit system in the future.

Resource Implications:

Provision has already been made in the budget. There are no additional resource implications

Legal and Governance Implications:

There are no legal & Governance implications.

Safer, Cleaner and Greener Implications:

There are no SCG implications.

Consultation Undertaken:

No consultation has been undertaken.

Impact Assessments:

Risk Management

The Council had no option other than to transfer Housing Benefit investigation to the DWP but because the decision to investigate rests solely on the information written on a referral form, there is a risk that claims that we know are fraudulent remain in payment. To mitigate this effect, referrals contain as much detailed information as possible. We have not however been able to mitigate the loss of the local knowledge and local contacts as the Authority has no control over which SFIS Officers carry out investigations in the Epping Forest District.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?

No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?



Report to: Resources Select Committee

Date of meeting: 9 February 2016

Portfolio: Governance and Development Management

Subject: Data Quality Strategy 2016/17 – 2018/19

Officer contact for further information: Barbara Copson (01992 564042)

Democratic Services Officer: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

That the Committee reviews the Data Quality Strategy for 2016/17 – 2018/19

Executive Summary:

The Council needs timely, accurate and reliable data in order to manage activities and meet internal and external requirements to demonstrate accountability through accurate reporting. Data is used for the assessment of the Council's performance, including the Key Performance Indicators (KPIs). The Data Quality Strategy sets out the arrangements for the next 3 years to ensure key data meets the highest standards and is 'right first time'.

Reasons for Proposed Decision:

The Committee has a role in monitoring KPI performance, and those monitoring activities require that the data used is accurate and can be relied upon.

Other Options for Action:

None. Arrangements to deliver the consistency of standards and awareness of data ownership are essential to ensure the high quality of data. Failure to secure and improve the quality of data could mean that evaluation of performance is inaccurate, opportunities for improvement lost, and might adversely affect the reputation of the authority.

Report:

1. Good quality data is essential to support the Council's decision making especially decisions involving finance and performance. Additionally the Council's customers, partners and others interested in the Council's performance, need to be able to rely on the data we produce for evaluation purposes. The Council is also accountable for the money it spends and must manage competing claims on its resources. It therefore requires data which is accurate, reliable and timely in order to plan for the future and meet customer needs.

2. The Council has identified principles and arrangements to ensure high standards of data quality and has for a number of years, formalized them within a strategy, to support consistency and encourage high standards of practice of data quality management. This revised strategy continues to reflect the principles for data quality originally identified by the former Audit Commission in its publication, 'Improving information to support decision

making: Standards for better data quality, and reflects best practice and improvements to systems and processes, including systems and arrangements for the production and submission of Key Performance Indicator data. The Council aims to ensure that all the data it uses is 'right first time'. Therefore data quality arrangements include ownership of data, systems, and ensuring staff have the skills and knowledge they need to deliver high standards of data and data management.

3. The Council also relies on data produced externally by third party organisations and therefore we need to be confident that that data is robust. This revised strategy includes the development of the mapping of third party data to understand the data quality processes to which third party data is subject, and to ensure that those processes are of a high standard and therefore that the data is reliable.

4. This revised strategy was considered by Corporate Governance Group in November 2015 and by the Finance and Performance Management Cabinet Committee on 21 January 2016.

Resource Implications: From existing resources.

Legal and Governance Implications: None. This report seeks to progress the duty to secure continuous improvement in the way the Council manages its functions.

Safer, Cleaner, Greener Implications: None

Consultation Undertaken: Corporate Governance Group in November 2015 and Finance and Performance Cabinet Committee in January 2016.

Background Papers: None.

Impact Assessments:

Risk Management - No issues.

Equality - This strategy sets out the requirements for all data the Council relies upon and therefore includes data relevant to services which specifically meet the needs of protected groups. Service provision which is based upon reliable, relevant and timely information is more likely to be effective and efficient.

Data Quality Strategy 2016/17-2018/19

Introduction

Good quality data is essential to support Council decision making especially decisions involving financial and performance related decisions. The Council's customers, partners and organisations monitoring the Council's progress, need to be able to rely on the data we produce to evaluate our performance. The Council is accountable for the money it spends and must manage competing claims on its resources. It therefore requires data which is accurate, reliable and timely to be able to meet customer needs and plan for the future.

Epping Forest District Council recognises the importance of data quality and the Council is committed to ensuring that it maintains the highest standards of data quality. This strategy sets out its approach to delivering those arrangements and the ongoing improvement of data quality.

Its purpose is to bring together in one place the range of existing processes and approaches which exist to manage data quality to ensure that everyone who produces or uses performance data within the Council understands what is expected of them, and that the Council's partners understand what they can expect from our data.

Scope of the data quality strategy

This strategy covers all data and information generated and used by the Council including performance management information, data relating to the delivery of services, financial and service management information and corporate governance information.

This strategy does not cover the use of personal data as defined by the Data Protection Act 1998. The Council's arrangements for handling personal data are set out within its Data Protection Policy.

Arrangements for data quality relating to the Council's Key Performance Indicators (KPIs), is fully developed within this strategy reflecting their strategic significance to the Council.

Data quality objectives

The Council understands the importance of data quality and is committed to being consistent in its management of data quality both within the authority and where it works in partnership with other organisations.

The Council aims to ensure that all the data that it uses is 'right first time'. All officers with responsibility for collecting, collating and reporting data must ensure that the data provided can be relied upon. .

The Council is committed to the following data quality principles originally identified in the 'Improving information to support decision making: Standards for better quality data' publication by the Audit Commission in March 2007.

Data Quality Principles

The following principles represent the Council's approach to data quality:

Accuracy	Data must be accurate for its intended purpose, and be represented clearly and in sufficient detail to enable informed decision-making
Validity	Data must be recorded and used in accordance with relevant requirements, rules and definitions to ensure consistency
Reliability	Data must reflect stable and consistent collection methods

Timeliness	Data must be available for its intended use within a reasonable time period. It must be available quickly and frequently enough to support information needs
Completeness	Data must be recorded in its entirety, avoiding gaps in information and duplication of data
Relevance	Data must be relevant to the purpose for which it is used
Security	Data must be stored securely and confidentially where appropriate

Data quality arrangements

The Council operates a sound, well-established approach to the achievement of data quality, through the following arrangements:

1. Responsibilities and ownership

The Council collates and uses a significant amount and range of data in the course of its work. The Council and all its employees have responsibility and therefore ownership of the data they collate or process, or have control over.

Responsibilities	
Role	Responsibility
Governance and Development Management Portfolio Holder	Responsible for the strategic management of data quality.
Portfolio Holders	Individual Portfolio Holders are responsible for data quality issues with respect to Key Performance Indicators within their portfolios and for ensuring that appropriate data quality processes are in place.
Select Committees	Select Committees are responsible for the regular review of KPI data, including any potential issues of data quality.
Director of Governance	The Director of Governance is responsible for the overall collection and reporting of Key Performance Indicator performance data to Members and Management Board.
Chief Executive	Responsible for the operational management of data quality.
Directors/Assistant Directors	Responsible for ensuring that effective arrangements are in place within their areas of responsibility to ensure data quality requirements are met. They are also responsible for validating (Assistant Directors) or authorising (Directors) the Key Performance Indicator data in relation to those areas under their responsibility.
Service managers	Responsible for contributing to the integration of data quality arrangements into their areas of responsibility, and for ensuring that requirements for data quality within their areas of responsibility are met. They also ensure that staff have access to and are familiar with corporate requirements and directorate level procedures for data quality, and that role specific responsibilities relevant to data quality, are included in relevant job descriptions.

Performance Improvement Unit (PIU)	Supports the Council's corporate performance management and data quality arrangements. The PIU supports data processes for performance indicator monitoring, and provides advice and guidance regarding the collection and calculation of data for specific indicators.
All staff	Are responsible for the integrity and accuracy of any data that they collect, input, store, retrieve or otherwise, and therefore have ownership of that data.

2. Policies and procedures

Appropriate policies and procedures are in place to check data. Verification processes are required to be adhered to by all officers involved in data collection processes and data is used in ways that ensure the establishment of a clear audit trail.

3. Systems and processes

Appropriate systems and processes are in place to secure the quality of data. Officers understand definitions relating to different types of data. A data quality lead is in place for all relevant systems. The processes concerning the production of KPI data is included at page 5 of this strategy.

4. People and skills

Officers are trained or appropriately supervised so that they have the appropriate knowledge, competencies and capacity for their role. All officers recognise the need for high standards of data quality and their individual roles in achieving this. Responsibility for data quality is part of appropriate job descriptions and the Personal Development Review (PDR) process.

5. Data use

Relevant focus is placed on securing data which is accurate, valid, reliable, timely, relevant and complete. Data is presented in ways which are easy to understand, is accurate and can support recommendations and conclusions, both for internal and external use.

In collating performance data, all working papers must set out where data has come from and what action has been taken to ensure the quality of this data.

6. Third party data

We rely on source data from third parties (data produced externally) to report on progress on both the Council's and Partnership's work. To achieve our Data Quality objectives, we need to ensure that data from third parties that we use in our performance management is produced to the same high quality as data produced internally.

To ensure the third party data we use is robust we will undertake a mapping exercise of significant third party data streams, in order to identify data quality arrangements and produce risk analysis. The mapping exercise will:

- a) identify significant data streams;
- b) identify the business processes and/or performance measurement to which they relate;
- c) identify EFDC ownership;
- d) identify the data quality processes used; and
- e) evaluate risk to EFDC.

The mapping exercise will be reviewed in line with the 3 yearly review of this Data Quality Strategy.

We have developed a number of protocols for data sharing with our key partners; for example, a police joint protocol for the exchange of information.

Data quality control, assurance and review

We continue to put systems and procedures in place to ensure good data quality. The Council's data quality arrangements are subject to internal control, assurance and review in the following ways:

- (a) All data is fully checked and reviewed within directorates/service areas prior to being reported.
- (b) Definitions apply to KPIs including the data, its source and the subsequent calculations. The KPIs are also subject to a controlled process of submission and verification.
- (c) The Corporate Risk Register specifies major corporate risks that include issues related to data, for example, risks such as the loss of business data and information etc.
- (d) The Council acts on enquiries made by service users in relation to the quality of data reported and undertakes appropriate remedial action where arising from review or assessment processes.
- (e) Significant issues identified in relation to data quality are considered by the Corporate Governance Group and escalated as appropriate.
- (f) Third party data streams used for performance measurement will be mapped during the first year of this strategy and their data quality arrangements identified to ensure the data is robust.
- (f) This strategy is reviewed every 3 years or sooner if required.

Key performance indicator data

The Council measures and monitors its performance against a range of indicators identified as key to the Council's performance and improvement. This performance data is recorded through the Council's Performance Management system (TEN Performance Manager) and used to report progress to Members and Management Board. Guidance in the production of this data and the use of TEN is provided by the Performance Improvement Unit.

Responsibilities for KPI data

Role	Responsibility and ownership
Cabinet	The Cabinet is responsible for the establishment of the annual suite of KPIs, including the adoption of appropriate performance targets.
Portfolio Holders	Individual Portfolio Holders are responsible for data quality issues with respect to KPIs within their portfolios, and for ensuring that appropriate data quality processes are in place.
Select Committees	Select Committees are responsible for monitoring performance against KPIs which fall within their areas of responsibility.
Finance and Performance Management Cabinet Committee	The Finance and Performance Management Cabinet Committee is responsible for the regular review of KPI data and any potential issues of data quality.
Management Board	Management Board is responsible for annually agreeing a suite of KPIs, their targets, tolerances and improvement plans. It receives quarterly and end of year KPI performance reports and identifies improvement opportunities.
Directors	Service directors are responsible for KPI data quality within their Directorates. They are responsible for authorising KPI returns and for ensuring the timely completion and submission of KPI information.
Director of Governance	The Director of Governance is responsible for this Data Quality Strategy, and the overall collection and reporting of KPI performance data to Members and Management Board.

The Performance Improvement Unit	The PIU manages the KPI production, verification and reporting framework and the TEN system.
KPI completing Officers	Provide timely, accurate and reliable data entry using the Summary Control Forms (SCF) and TEN, and clear evidence to support the data provided.
KPI verifying Officers	Verify the data and supporting evidence provided by the Completing Officer using the SCF and evidence provided.

KPI system

1. Officers involved in KPI data processes follow adopted procedures for KPI performance data collection and reporting, which require that a proforma return and full audit trail must be compiled for all KPIs on a quarterly basis.
2. Officers responsible for collating and reporting data must provide clear evidence to support the data submitted, and this data must clearly show the figures used in the calculations.
3. All KPIs have specific definitions and agreed calculation rules.
4. Data collation, KPI calculation and statistically returns must reflect the individual KPI definitions.
5. KPI submissions are made via the TEN performance management system administered by the PIU.
6. The KPI authoriser must be of Assistant Director or Director level.

KPI production process (see Figure 1)

1. The PIU triggers the process for quarterly data submission according to predetermined arrangements.
2. When requested by the PIU, the completing officer compiles the data and annotates the evidence for verification and audit purposes. The Completing officer then completes all required fields on TEN; a Summary Control Form (SCF) in line with the KPI definition and agreed calculation, attaches the annotated evidence, and submits them electronically to the Verifying Officer.
3. The Verifying Officer checks and verifies the data submitted to TEN and the SCF for accuracy and completeness, and submits the form electronically to the authoriser.
4. The Authoriser checks that TEN has been fully updated; that appropriately annotated evidence is attached; and the SCF is fully completed and accurate; and submits the form electronically to the PIU.
5. The PIU checks the SCFs and TEN data submissions for accuracy and completeness and produces performance reports for consideration by Members and Management Board.
6. The PIU maintains appropriate evidence of the KPI data submission process for audit purposes.

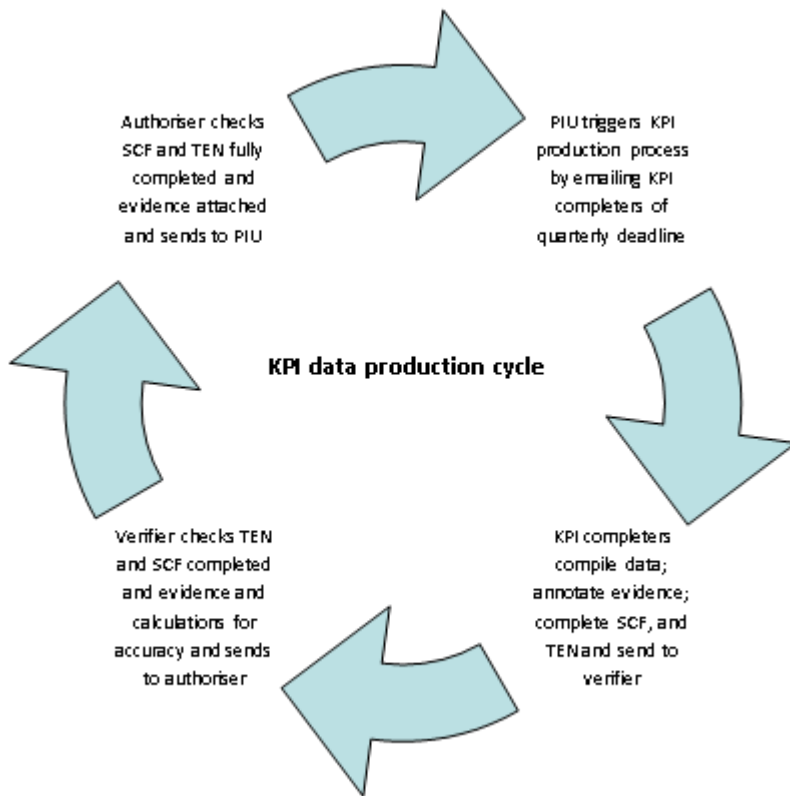


Figure 1

Monitoring and review of the data quality strategy

The Data Quality Strategy is reviewed every three years. The next review will take place in 2018/19 or sooner if necessary.

This page is intentionally left blank



Report to: Resources Select Committee

Date of meeting: 9 February 2016

Portfolio: Finance (Councilor S. Stavrou)

Subject: Key Performance Indicators 2015/16 - Quarter 3 Performance

Officer contact for further information: B. Copson (01992 564042)

Democratic Services Officer: A. Hendry (01992 564246)

Recommendations/decisions required:

That the Select Committee reviews performance against the Key Performance Indicators within its areas of responsibility, at the end of Quarter 3

Executive Summary:

The Local Government Act 1999 requires that the Council make arrangements to secure continuous improvement in the way in which its functions and services are exercised, having regard to a combination of economy, efficiency and effectiveness.

As part of the duty to secure continuous improvement, a range of Key Performance Indicators (KPI) relevant to the Council's services and key objectives, are adopted each year by the Finance and Performance Management Cabinet Committee. Performance against the KPIs is monitored on a quarterly basis by Management Board and overview and scrutiny to drive improvement in performance and ensure corrective action is taken where necessary.

Reasons for Proposed Decision:

The KPIs provide an opportunity for the Council to focus attention on how specific areas for improvement will be addressed, and how opportunities will be exploited and better outcomes delivered.

It is important that relevant performance management processes are in place to review and monitor performance against the key performance indicators to ensure their continued achievability and relevance, and to identify proposals for appropriate corrective action in areas of slippage or under performance.

Other Options for Action:

No other options are appropriate in this respect. Failure to monitor and review KPI performance and to consider corrective action where necessary could have negative implications for judgements made about the Council's progress, and might mean that opportunities for improvement are lost.

Report:

1. A range of thirty-six (36) Key Performance Indicators (KPIs) for 2015/16 was adopted by the Finance and Performance Management Cabinet Committee in March 2015. The KPIs are important to the improvement of the Council's services, and comprise a combination of some former statutory indicators and locally determined performance measures. The aim of the KPIs is to direct improvement effort towards services and the national priorities and local challenges arising from the social, economic and environmental context of the district.
2. Progress in respect of each of the KPIs is reviewed by the relevant Portfolio Holder, Management Board, and overview and scrutiny at the conclusion of each quarter. This report includes in detail only those indicators which fall within the areas of responsibility of the Resources Select Committee
3. A headline Quarter 3 performance summary in respect of each of the KPIs falling within the Resources Select Committee's areas of responsibility for 2015/16, is attached as Appendix 1 to this report together with details of the specific nine-month performance for each indicator.
4. Improvement plans are produced for all of the KPIs each year, setting out actions to be implemented in order to achieve target performance, and to reflect changes in service delivery. In view of the corporate importance attached to the KPIs, the improvement plans are agreed by Management Board and are also subject to ongoing review between the relevant service director and Portfolio Holder over the course of the year. The Improvement Plans for indicators which have failed to reach target performance for the quarter are attached at Appendix 2 to this report.

Key Performance Indicators 2015/16 – Quarter 3 Performance

5. The overall position with regard to the achievement of target performance for **all** of the KPIs at the end of Q3, was as follows:
 - (a) 28 (78%) indicators achieved target at the end of Q3;
 - (b) 8 (22%) indicators did not achieve the Q3 target; and
 - (c) 0 (0%) indicators performed within their tolerated amber margin.
 - (d) 28 (78%) indicators are currently anticipated to achieve their cumulative year-end target and for a further 3 (8%), it is uncertain whether they will achieve their cumulative year-end target.
6. Nine (9) of the Key Performance Indicators fall within the Resources Select Committee's areas of responsibility. The overall position with regard to the achievement of target performance at the end of Q3 for these 9 indicators, was as follows:
 - (a) 7 (78%) indicators achieved the Q3 target;
 - (b) 2 (22%) indicators did not achieve their Q3 target; and
 - (c) 0 (0%) indicators performed within their tolerated amber margin.
 - (d) 7 (78%) indicators are currently anticipated to achieve their cumulative year-end target, and for a further 1 (11%) indicator, it is uncertain whether it will achieve its cumulative year-end target.
7. The 'amber' performance status used in KPI reports identifies indicators that have missed the agreed target for the quarter, but where performance is within an agreed tolerance or range (+/-). The KPI tolerances were agreed by Management Board when targets for the KPIs were set in February 2015.

8. The Select Committee is requested to review third quarter performance in relation to the KPIs for 2015/16 within its areas of responsibility.

Resource Implications:

Resource requirements for actions to achieve specific KPI performance for 2015/16 will have been identified by the responsible service director and reflected in the budget for the year.

Legal and Governance Implications:

There are no legal or governance implications arising from the recommendations of this report. Relevant implications arising from actions to achieve specific KPI performance for 2015/16 will have been identified by the responsible service director.

Safer, Cleaner, Greener Implications:

There are no implications arising from the recommendations of this report in respect of the Council's commitment to the Climate Local Agreement, the corporate Safer, Cleaner, Greener initiative, or any crime and disorder issues within the district. Relevant implications arising from actions to achieve specific KPI performance for 2015/16 will have been identified by the responsible service director.

Consultation Undertaken:

The performance information and targets set out in this report have been submitted by each appropriate service director and have been reviewed by Management Board. The individual KPI improvement plans for 2015/16 were agreed by the Board.

Background Papers:

KPI submissions are held by the Performance Improvement Unit. Detailed performance data is held by the responsible service director.

Impact Assessments:

Risk Management

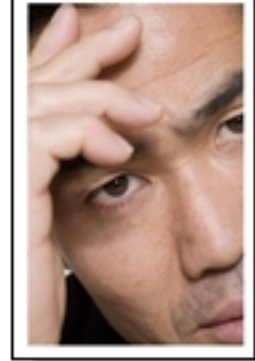
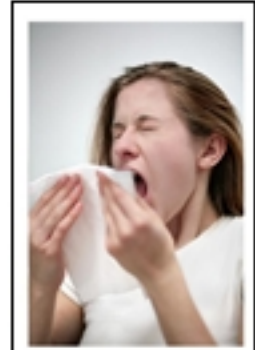
There are no risk management issues arising from the recommendations of this report. Relevant issues arising from actions to achieve specific KPI performance for 2015/16 will have been identified by the responsible service director.

Equality:

There are no equality implications arising from the recommendations of this report. Relevant implications arising from actions to achieve specific KPI performance for 2015/16 will have been identified by the responsible service director.

This page is intentionally left blank

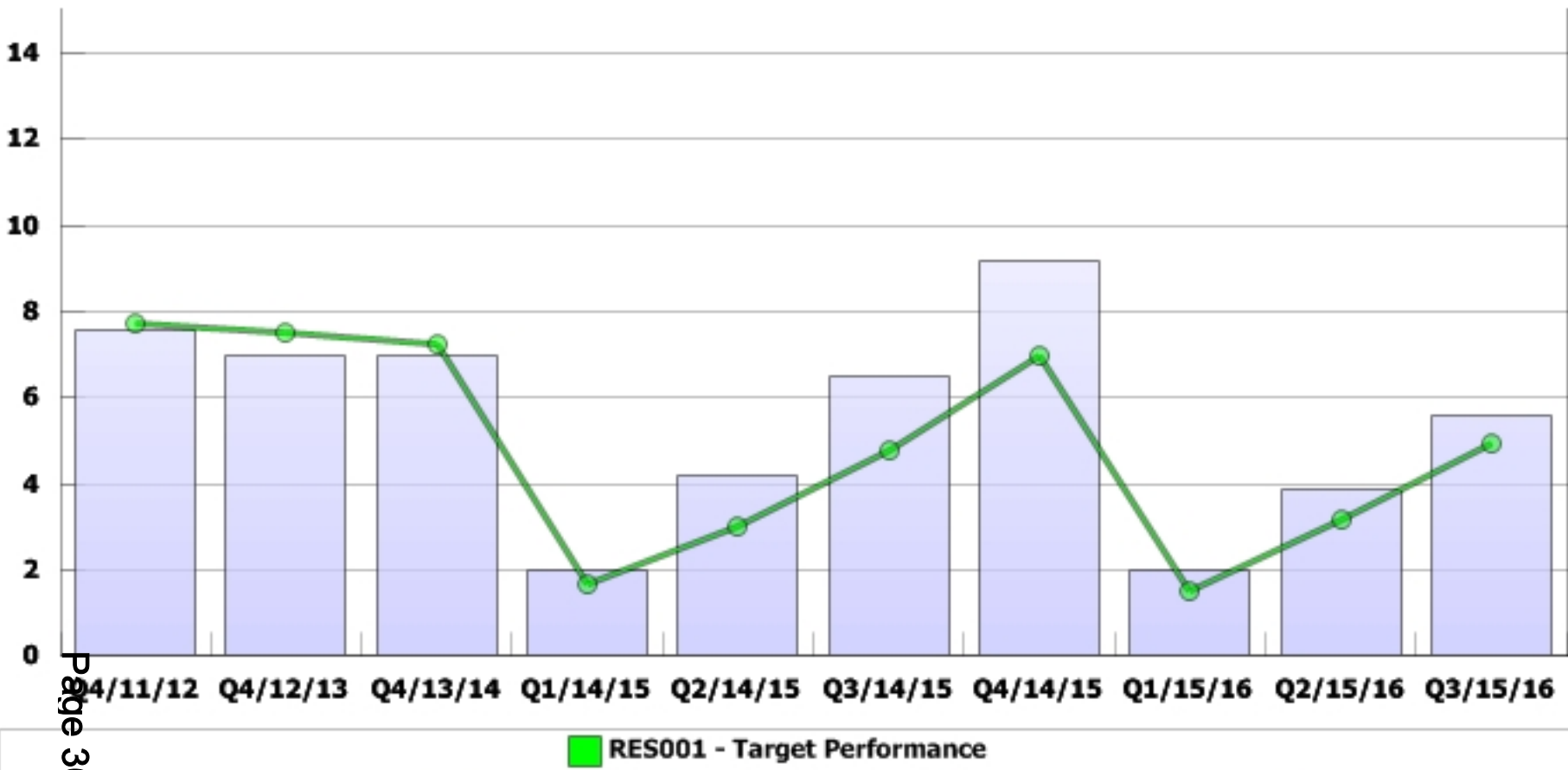
Quarterly Indicators		Quarter 1		Quarter 2		Quarter 3		Quarter 4		Is year-end target likely to be achieved?
		Tgt	Actual	Tgt	Actual	Tgt	Actual	Tgt	Actual	
Resouces Quarterly KPIs										
RES001	(Sickness absence) (days)	1.54	2.02	3.20	3.88	4.95	5.58	7.00		No
RES002	(Invoice payments) (%)	97%	95%	97%	96%	97%	96%	97%		Uncertain
RES003	(Council Tax collection) (%)	27.10%	27.56%	51.98%	52.54%	77.00%	77.91%	96.50%		Yes
RES004	(NNDR Collection) (%)	28.38%	28.52%	53.04%	53.54%	78.09%	78.78%	97.20%		Yes
RES005	(New benefit claims) (days)	22.00	22.56	22.00	22.36	22.00	21.78	22.00		Yes
RES006	(Benefits changes) (days)	10.00	7.03	10.00	7.19	10.00	7.29	6.00		Yes
RES009	(Website Availability) (%)	99.60%	99.96%	99.60%	99.94%	99.60%	99.95%	99.60%		Yes
RES010	(Website Broken Links) (%)	94.10%	95.50%	94.10%	100.00%	94.10%	100.0...	94.10%		Yes
RES011	(Website Navigation) (%)	79.90%	81.97%	79.90%	81.57%	79.90%	81.04%	79.90%		Yes



Additional Information: This indicator monitors the level of staff sickness absence across the authority, and supports the implementation of the Council's Managing Absence Policy. Quarterly targets and performance details for this indicator represent the cumulative total for the year to date.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual	Status
Q3/15/16	4.95	5.58	✗
Q2/15/16	3.20	3.88	✗
Q1/15/16	1.54	2.02	✗
Q4/14/15	7.00	9.20	✗
Q3/14/15	4.82	6.51	✗

Annual Target: 2015/16 - 7.00 days
 2014/15 - 7.00 days
Indicator of good performance:
 A lower number of days is good
 ↓ is the direction of improvement

Is it likely that the target will be met at the end of the year?
 No

Comment on current performance (including context):

(Q3 2015/16) Sickness absence continues to be above target in each quarter since Q1 2014/15. However, there has been a slight improvement on last years quarterly figures. The Council will not achieve the target for this Indicator for 2015/2016.

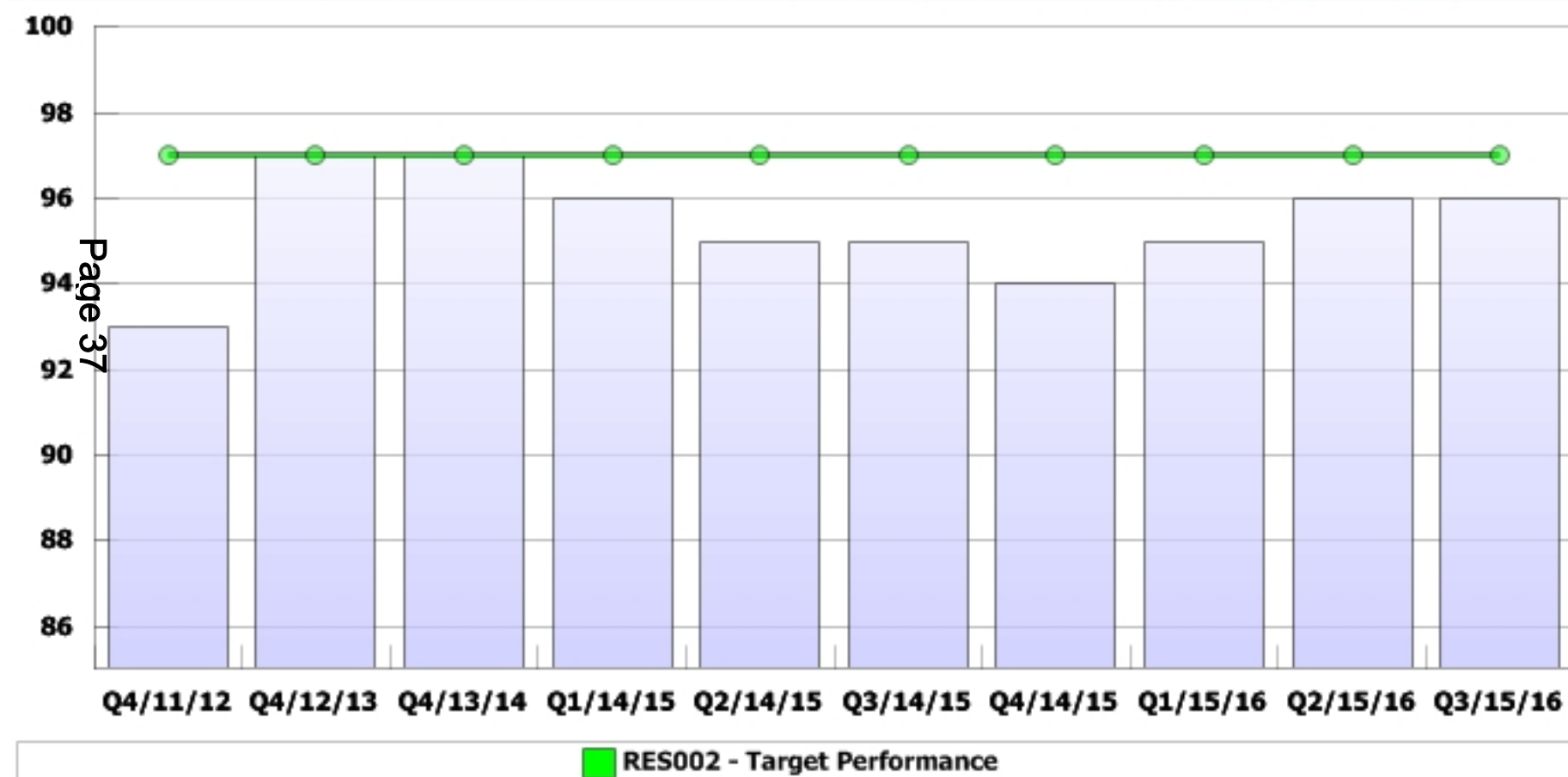
Corrective action proposed (if required):

- (Q3 2015/16) The Improvement Plan states;
1. The Assistant Director (HR) will carry out further analysis on the increase in the number of days taken for mental health issues. Completed - A report was submitted to the Resources Select Committee in December 2015
 2. HR will arrange mandatory workshops for managers to ensure that the Council's Managing Absence Policy is applied consistently and timely across the authority. In addition, managers will be encouraged to become proactive when managing absence.
 3. HR will arrange workshops for managers on mental health issues. The first Workshops were held on 15 December 2015 with further dates arranged for 16 and 17 February 2017.
 4. HR will work with Directors to produce the most useful management information regarding sickness absence
 5. The Assistant Director (HR) to meet with the Council's Occupational Health

Additional Information: This indicator encourages the prompt payment of undisputed invoices for commercial goods and services

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual
Q3/15/16	97%	96%
Q2/15/16	97%	96%
Q1/15/16	97%	95%
Q4/14/15	97%	94%
Q3/14/15	97%	95%

Annual 2015/16 - 97%

Target: 2014/15 - 97%

Indicator of good performance:
A higher percentage is good

↑ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Uncertain

Comment on current performance (including context):

(Q3 2015/16) - Performance has improved slightly since quarter 2 but is still short of target. All directorates met the target in December. 77% of local supplier invoices were paid within 20 days an increase of 3% on quarter 2.

Corrective action proposed (if required):

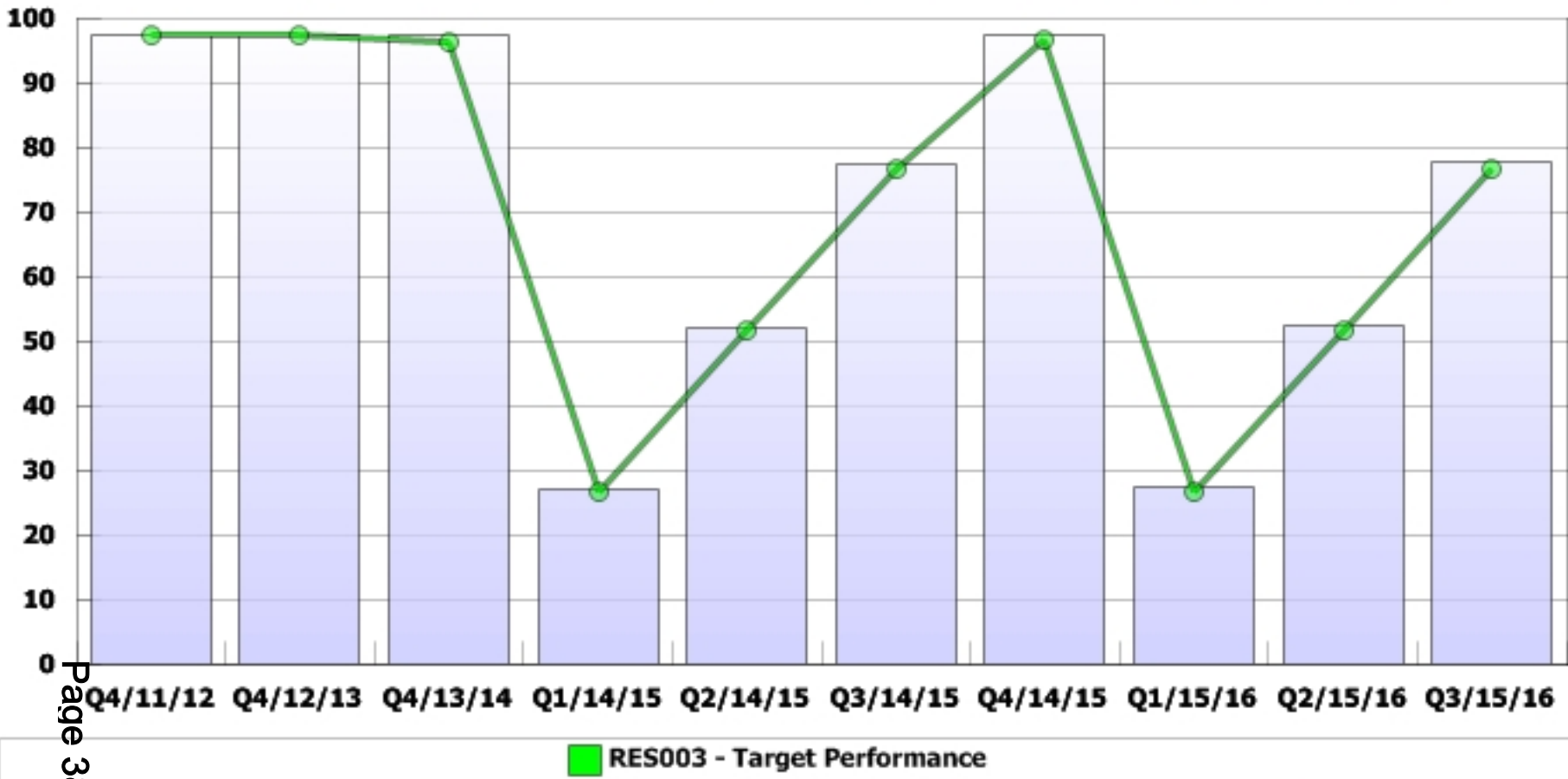
(Q3 2015/16) - It is important to encourage prompt processing and where invoices are in dispute registering as such. Reminders are issued from time to time and this should continue.

RES003 What percentage of the district's annual Council Tax was collected?

Additional Information: This indicator monitors the rate of collection of Council Tax. Quarterly targets and performance details for this indicator represent the cumulative total for the year to date.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual
Q3/15/16	77.00%	77.91%
Q2/15/16	51.98%	52.54%
Q1/15/16	27.10%	27.56%
Q4/14/15	97.00%	97.79%
Q3/14/15	77.56%	77.63%



Annual Target: 2015/16 - 97.00%
2014/15 - 97.00%

Indicator of good performance:
A higher percentage is good

↑ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes



Comment on current performance (including context):

(Q3 2015/16) The collection performance is 0.28% up on the same stage in 2014/15.

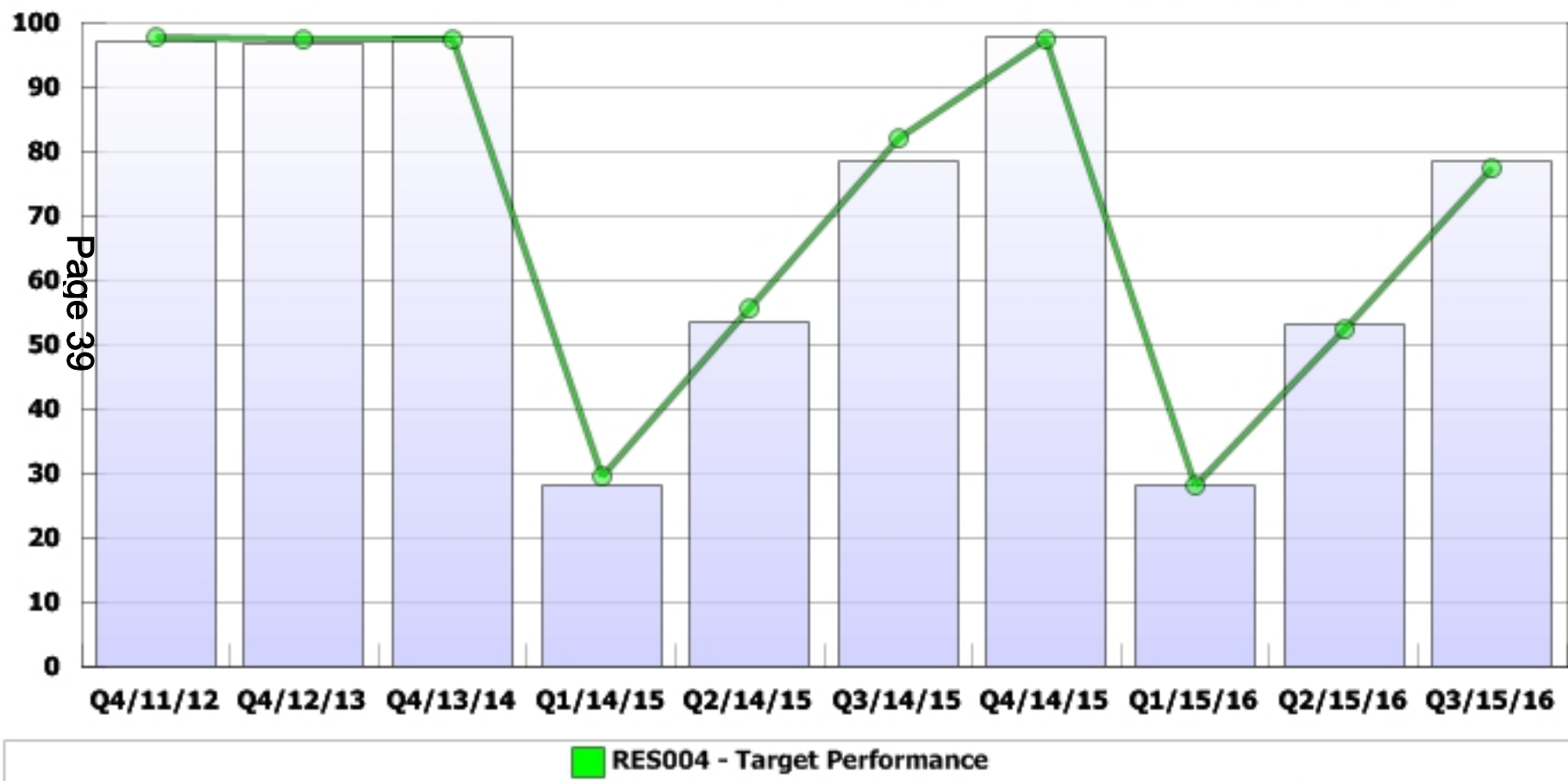
Corrective action proposed (if required):

(Q3 2015/16) Collection and recovery procedures are in place for outstanding debts.

Additional Information: This indicator monitors the rate of collection of National Non-Domestic rates. Quarterly targets and performance details for this indicator represent the cumulative total for the year to date.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual	Status
Q3/15/16	78.09%	78.78%	✓
Q2/15/16	53.04%	53.54%	✓
Q1/15/16	28.38%	28.52%	✓
Q4/14/15	97.70%	97.86%	✓
Q3/14/15	82.33%	78.72%	✗

Annual Target: 2015/16 - 97.70%
 2014/15 - 97.70%

Indicator of good performance:
 A higher percentage is good

↑ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes



Comment on current performance (including context):

(Q3 2015/16) The collection performance is 0.06% up on the same stage last year

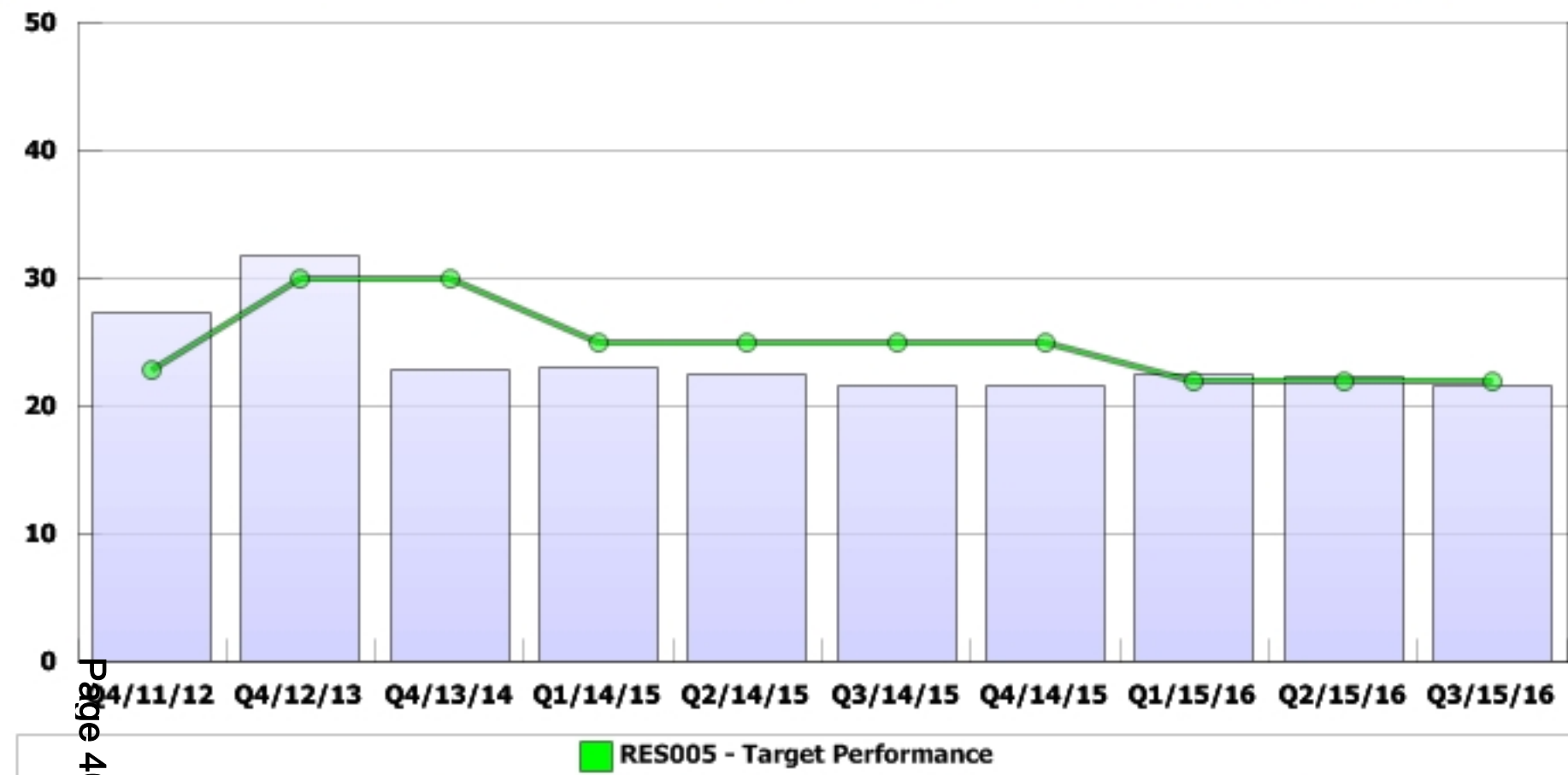
Corrective action proposed (if required):

(Q3 2015/16) The Council is taking recovery action to collect the outstanding debts.

Additional Information: This indicator monitors the administration of Housing and Council Tax Benefit. Targets and performance are measured in days.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual	Status
Q3/15/16	22.00	21.78	✓
Q2/15/16	22.00	22.36	✗
Q1/15/16	22.00	22.56	✗
Q4/14/15	25.00	21.74	✓
Q3/14/15	25.00	21.63	✓

Annual 2015/16 - 22.00 days
 Target: 2014/15 - 25.00 days
 Indicator of good performance:
 A lower number of days is good
 ↓ is the direction of improvement

Is it likely that the target will be met at the end of the year?
 Yes

Comment on current performance (including context):

(Q3 2015/16) - The performance has improved in quarter 3 and the cumulative total is now within the annual target. It is anticipated that the annual target will be met at the end of year 15/16.

Corrective action proposed (if required):

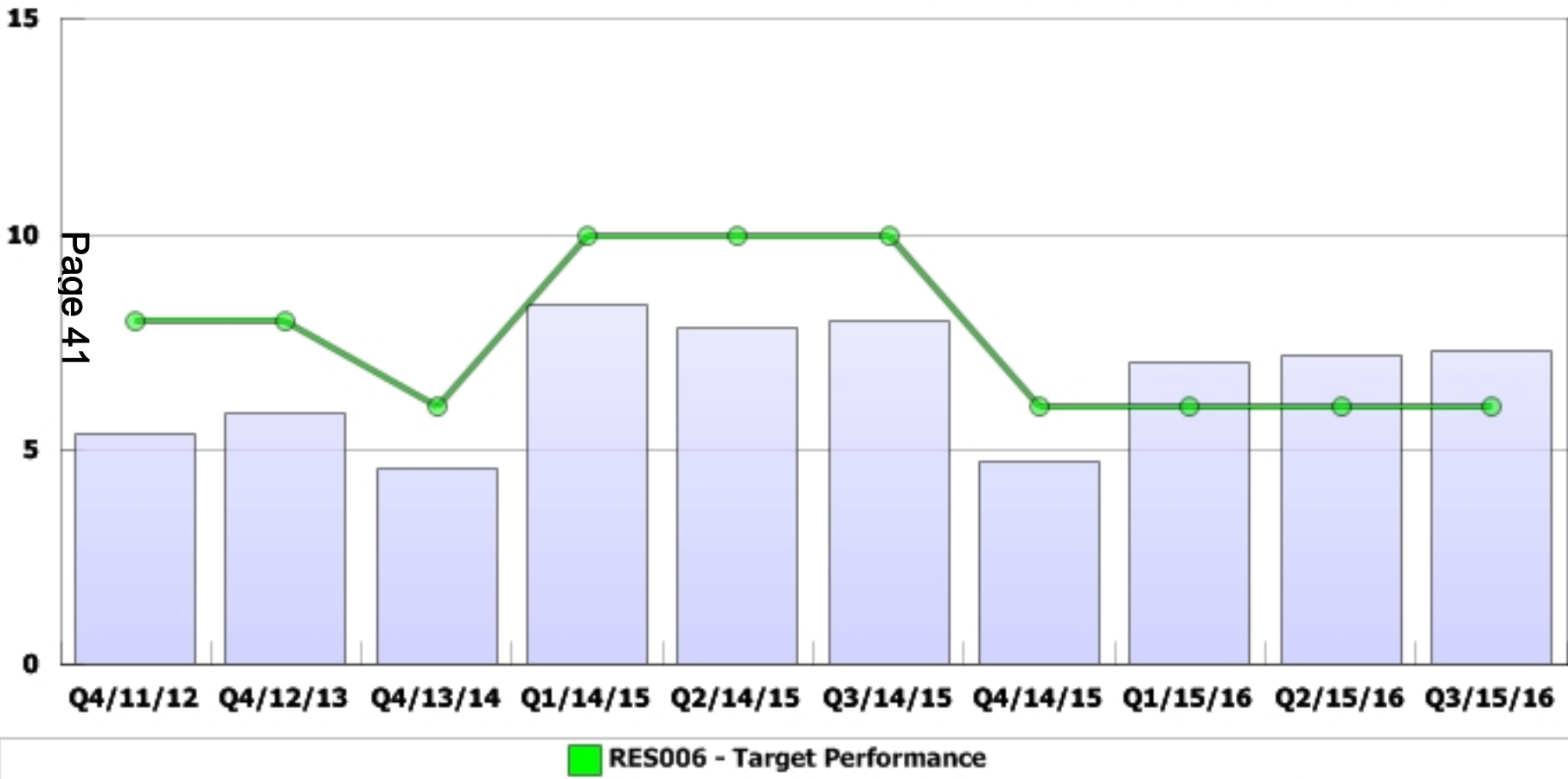
(Q3 2015/16) - Performance is monitored on a weekly basis and improvements to processes are made when appropriate.

RES006 On average, how many days did it take us to process notices of a change in a benefit claimant's circumstances?

Additional Information: This indicator monitors the administration of Housing and Council Tax Benefit. Targets and performance are measured in days.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual	Status
Q3/15/16	10.00	7.29	✓
Q2/15/16	10.00	7.19	✓
Q1/15/16	10.00	7.03	✓
Q4/14/15	6.00	4.74	✓
Q3/14/15	10.00	8.00	✓

Annual 2015/16 - 6.00 days
Target: 2014/15 - 6.00 days

Indicator of good performance:
A lower number of days is good

↓ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes

Comment on current performance (including context):

(Q3 2015/16) - Performance in quarter 3 is consistent with the first 2 quarters and with the general anticipated improvement in quarter 4, performance is on course to achieve the annual target.

Corrective action proposed (if required):

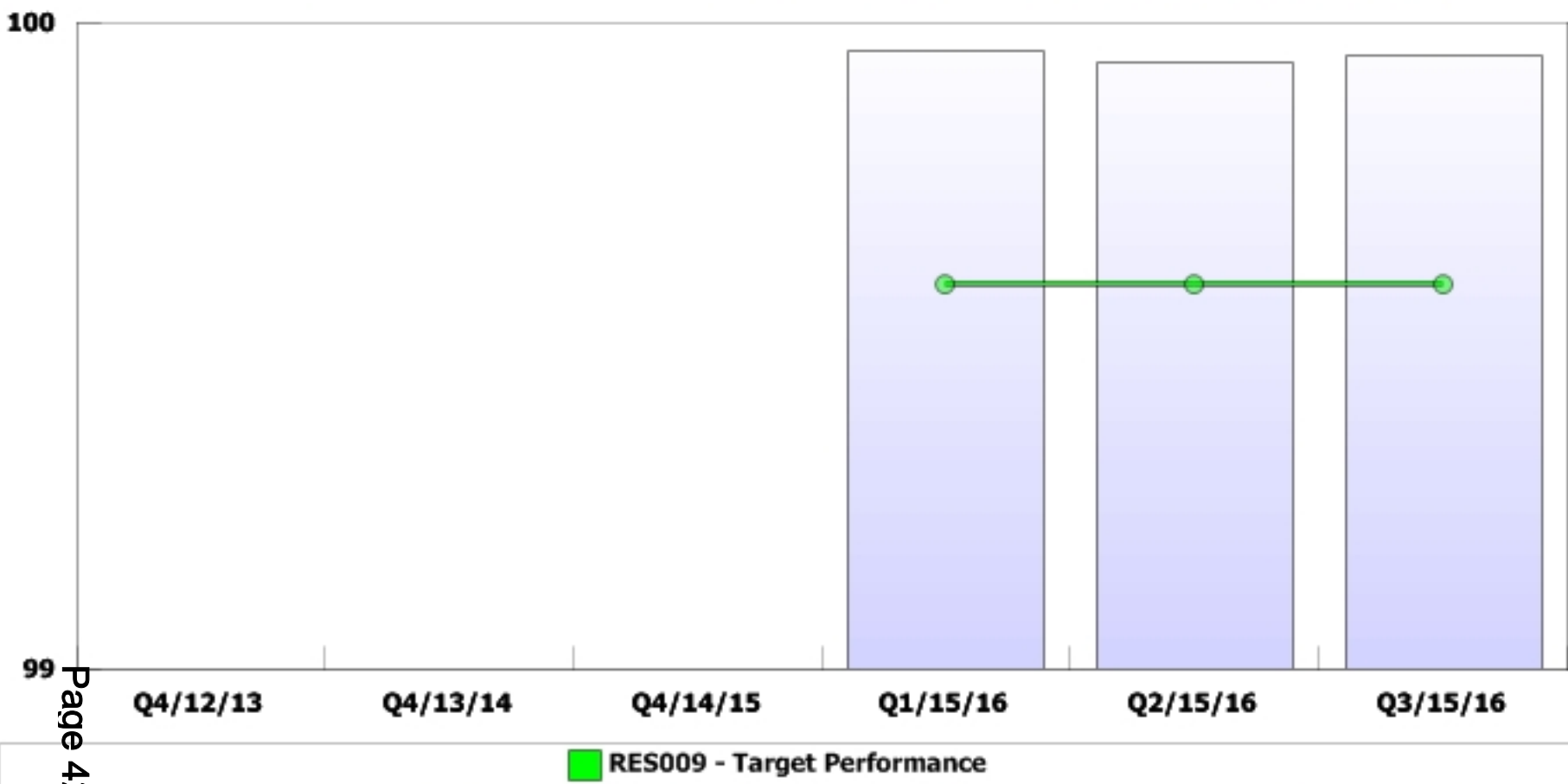
(Q3 2015/16) - Performance is monitored on a weekly basis and improvements to processes are made when appropriate.

RES009 Are customer needs being met by the Corporate Websites being available?

Additional Information: This measures aspects of website functionality which affect user experience. The amount of time the main sites (Joomla; Word Press; Planning Explorer; Info @t Work Public Access; and Modern.gov) are available impacts on the provision of Council information and together with RES010 and RES011, provides technical information against which customer satisfaction can be inferred.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual
Q3/15/16	99.60%	99.95%
Q2/15/16	99.60%	99.94%
Q1/15/16	99.60%	99.96%
Q4/14/15		0.00%
Q4/13/14		0.00%

Annual Target: 2015/16 - 99.60%
2014/15 -

Indicator of good performance:
A higher number is good

↑ is the direction of improvement



Is it likely that the target will be met at the end of the year?
 Yes

Comment on current performance (including context):

Corrective action proposed (if required):

(Q3 2015/16)
RES009 is a new KPI for 2015/2016.
The target for uptime of 99.60% was achieved with the average uptime across the 5 sites being 99.95%. ICT continuously monitors performance in real time and responds to outages during the year.

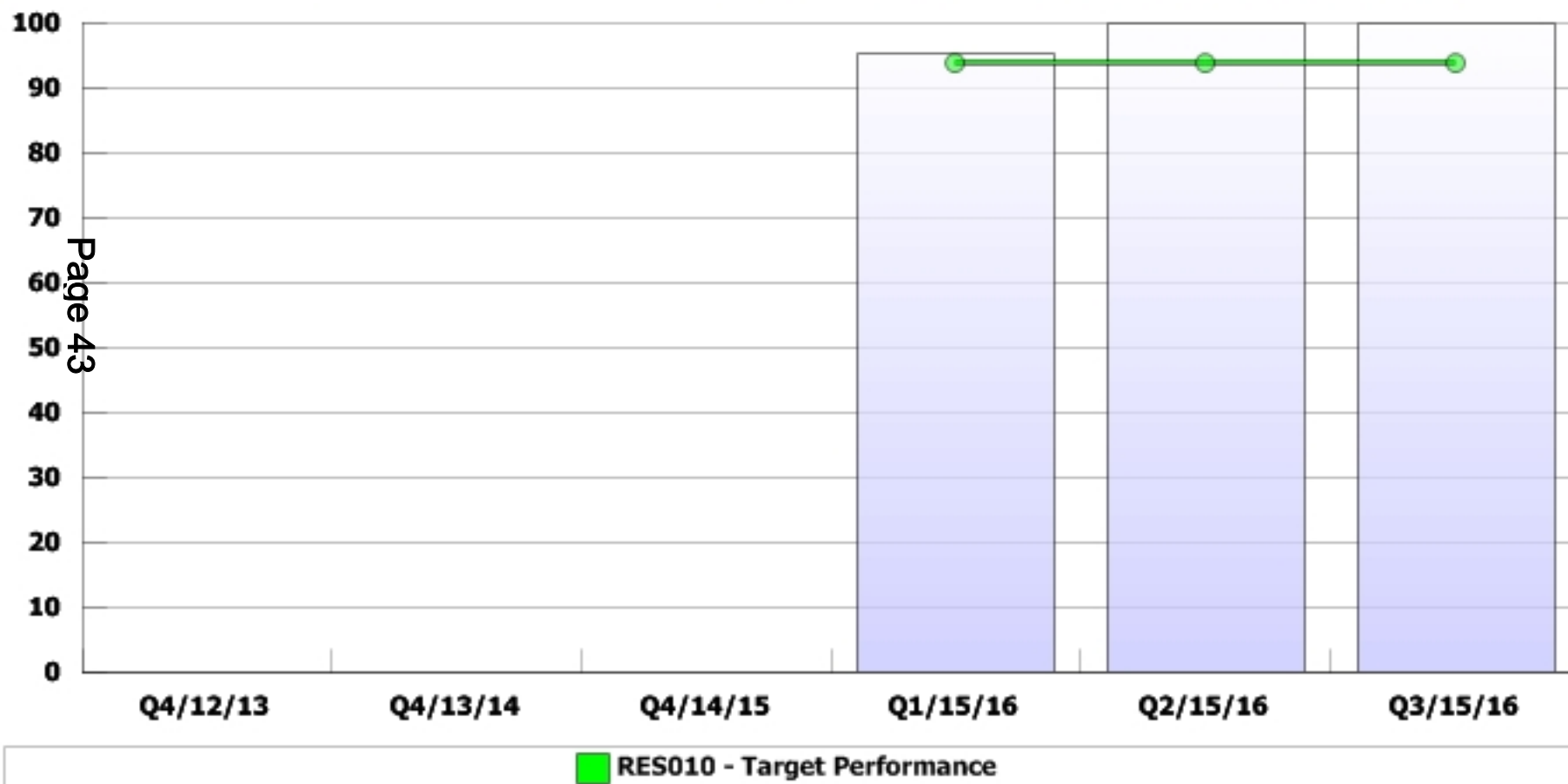
(Q3 2015/16) None.

RES010 Are customer needs being met by the main Corporate Websites not having broken links?

Additional Information: This indicator measures aspects of website functionality which will affect user experience. The absence of broken links on the main website (Joomla) impacts on the successful provision of Council information and a positive website user experience. Together with RES009 and RES011, this indicator provides technical information against which customer satisfaction can be inferred.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual
Q3/15/16	94.10%	100.00%
Q2/15/16	94.10%	100.00%
Q1/15/16	94.10%	95.50%
Q4/14/15		0.00%
Q4/13/14		0.00%

Annual Target: 2015/16 - 94.10%
2014/15 -

Indicator of good performance:
A higher number is good

↑ is the direction of improvement



Is it likely that the target will be met at the end of the year?

Yes

Comment on current performance (including context):

(Q3 2015/16)
RES010 is a new KPI for 2015/2016.
The target for the number of pages without broken links on is 94%. The actual percentage of pages without any broken links on was 100% made up of 0 broken links on 864 main website pages. These broken links will be continually monitored and corrected during the year, increasing the number of pages without any broken links on.

Corrective action proposed (if required):

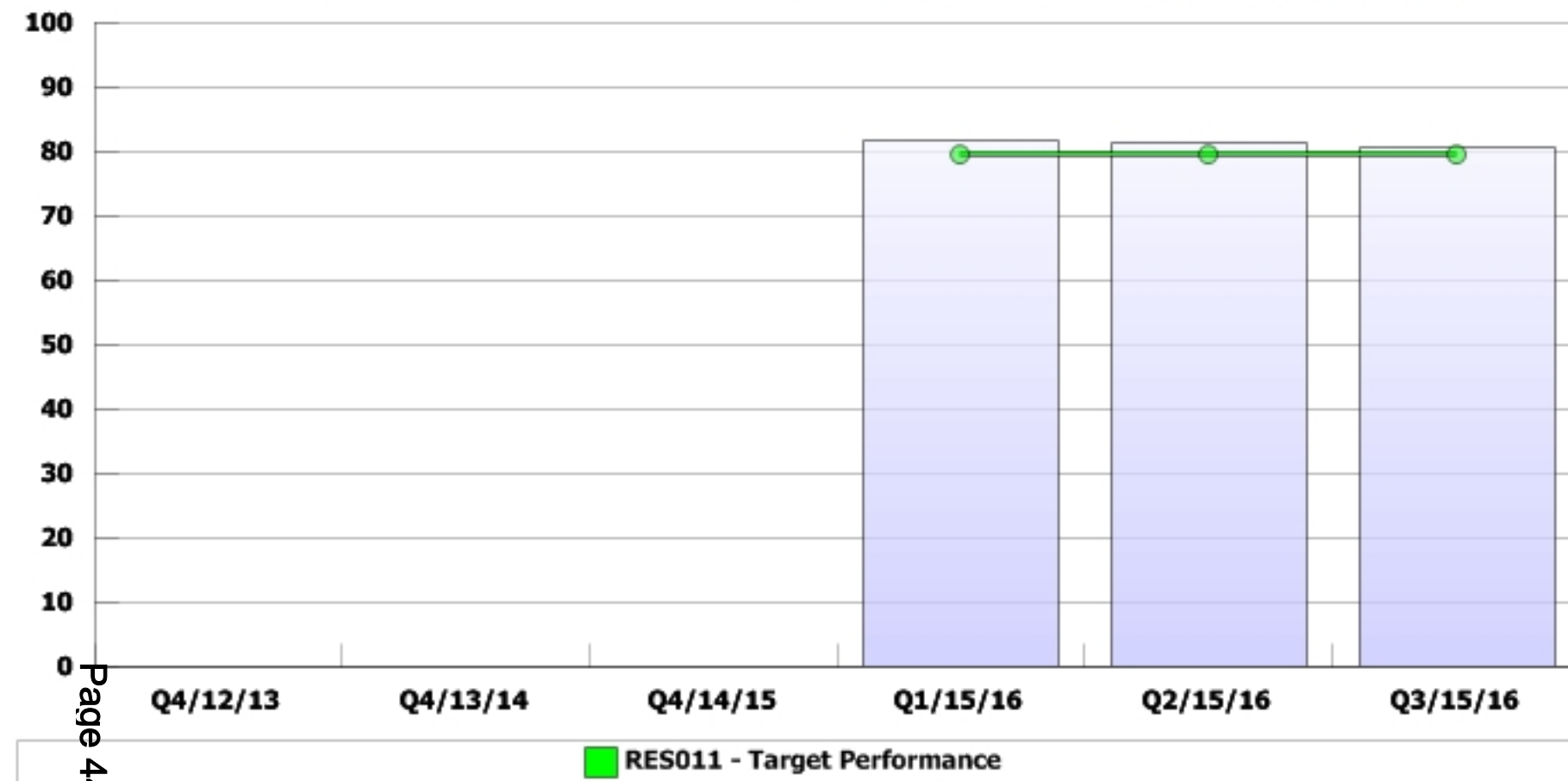
(Q3 2015/16) None.

RES011 Are customer needs being met by the main Corporate Website having effective navigation?

Additional Information: This indicator measures aspects of website functionality which will affect user experience. The ease of navigation impacts on the successful provision of Council information and a positive website user experience. Together with RES009 and RES010, this indicator provides technical information against which customer satisfaction can be inferred.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual
Q3/15/16	79.90%	81.04%
Q2/15/16	79.90%	81.57%
Q1/15/16	79.90%	81.97%
Q4/14/15		0.00%
Q4/13/14		0.00%
Annual Target:	2015/16 - 79.90%	2014/15 -

Indicator of good performance: A higher number is good

↑ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes

Comment on current performance (including context):

(Q3 2015/16)
 RES011 is a new KPI for 2015/2016.
 The visit depth target for the main website is 79.9%. Visit depth is the number of page views for each visit with the target based on 1 to 4 page views. The target was achieved with 81.04% of the 413,793 pages views to Qtr3 being between 1 to 4 pages. This will be monitored throughout the year.

Corrective action proposed (if required):

(Q3 2015/16) None.

RES01 How many working days did we lose due to sickness absence?

Outturn			Target
2012/13	2013/14	2014/15	2015/16
6.99 days	7.01 days	9.20 days	7 days

Responsible Officer

Bob Palmer
Director of Resources

Improvement Action	Target Dates	Key Measures / Milestones
A detailed discussion will take place with Management Board regarding the sharp rise of the Council's absence figures during 2014/2015. As part of the discussion an action plan will be agreed.	10 June 2015 Management Board	Detailed report will be submitted to Management Board regarding 2014/2015 sickness absence.

Please detail any budget or resource implications of the improvement actions you have listed overleaf. Please quantify any additional resources which will be required to implement the improvements and detail how the additional resources will be allocated.

Currently no additional resources are required.

Please describe any contextual factors, internal or external, which may impact upon the ability to deliver the improvements listed.

Flu/other infection epidemic.
The Council has an ageing workforce which may be more susceptible to operations/procedures that require some recuperation time

RES02 What percentage of the invoices we received was paid within 30 days?

Outturn			Target
2012/13	2013/14	2014/15	2015/16
97%	97%	94%	97%

Responsible Officer

Bob Palmer
 Director of Resources

Improvement Action	Target Dates	Key Measures / Milestones
Reminder e-mails stressing the importance of passing invoices in a timely fashion and making sure officers register disputed invoices on the Accounts Payable system	31/7/15	
The Council is in the process of implementing E-invoicing which will significantly reduce the amount of paper invoices being passed around the authority. This will take time to implement so it is unlikely to have an impact on the 2015/16 KPI	December 2015	Pilot exercise complete October 15 full rollout Marketplace and OHMS November 15

Please detail any budget or resource implications of the improvement actions you have listed overleaf. Please quantify any additional resources which will be required to implement the improvements and detail how the additional resources will be allocated.

It is intended to implement E-invoicing from within approved budgets so no additional resources are currently required.



Please describe any contextual factors, internal or external, which may impact upon the ability to deliver the improvements listed.

This page is intentionally left blank

Report to the Resources Select Committee

Date of meeting: 9 February 2016



Portfolio: Finance

Subject: Government Consultation on New Homes Bonus

Responsible Officer: Bob Palmer (01992 564279).

Democratic Services: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

To consider and amend where necessary the proposed responses to the Government consultation.

Executive Summary:

In late December as part of the draft financial settlement for local authorities the Government issued a technical consultation on the New Homes Bonus entitled "Sharpening the Incentive". The consultation runs for twelve weeks to 10 March.

A brief summary of the consultation paper is provided in the report below, with the draft responses attached as a separate appendix. No detailed authority specific exemplifications have been provided to support the various proposals so it is not clear in some instances if this Council will benefit from a given change or alternative. The full consultation document has also been provided as it is relatively short for a technical consultation.

A number of the issues covered by the consultation relate to planning matters but in order to produce this report for this agenda it has not been possible to consult colleagues in planning on the draft responses. The draft responses have been shared with colleagues in planning and a verbal update will be provided on any amendments or comments forthcoming.

Reasons for Proposed Decision:

To determine the responses to be made to the consultation.

Other Options for Action:

Members could decide to not respond, to respond in part or to respond in full to each of the fourteen questions.

Report:

Technical Consultation – Sharpening the Incentive

1. This consultation seeks views on a number of significant changes to the New Homes Bonus. The stated intention of the proposed changes to the scheme is to save £800 million which can then be used to fund adult social care.

2. Prior to the launch of the consultation there was speculation that the current district/county split of 80/20 would be reversed to favour county councils. There is no proposal to formally change the shares but the removal of £800 million and the re-allocation of this amount has the overall effect of changing the distribution so two thirds will now go to counties and only a third to districts.

3. The first proposal is to reduce the cost by cutting the number of years that the bonus remains in payment for. Currently the bonus relating to a particular year is payable for the six years following that year but the Government's preferred option is to reduce this to four years. This reduction from six to four may or may not include a transition year to five. The consultation also includes the possibility of reducing the number of years of payment to three or two. The option that would have the smallest impact on this Council would be a reduction to four with a transition year of five included.

4. Another proposed mechanism to reduce payments is to cut New Homes Bonus by either 50% or 100% for authorities who do not have a Local Plan in place. Clearly there is the potential for this proposal to greatly reduce our income from the Bonus.

5. A further proposal to reduce payments is to limit the Bonus where planning approval has only been given on appeal. It is difficult to envisage how this could work in practice without there being a huge administrative burden. It is also difficult to predict the exact effect on this council, although it is unlikely to be positive.

6. There is then a proposal to introduce a baseline so the first 0.25% of new homes would not qualify for the Bonus. This is intended to stop the rewarding of growth that would occur naturally without positive decisions by an authority. However, the introduction of such a baseline would significantly reduce or remove the incentive for low growth authorities.

7. The final question in the consultation asks whether there should be protection for those facing adverse impacts from the proposals. As an authority that currently receives £2.7 million of New Homes Bonus but does not have a Local Plan we could be one of the authorities who might benefit from some form of floor to limit reductions. Unfortunately there is no detail to the proposal in terms of the level of reduction at which any protection would become effective and whether this would be funded by greater reductions for authorities that are initially above the floor.

8. The appendix lists the fourteen questions and provides a draft response for each question. Member's views are requested.

Resource Implications:

As the consultation sets out different options the resource implications are unclear but in constructing the MTFs a prudent view has been taken on each issue.

Legal and Governance Implications:

Changes following the consultation will be included in subsequent Local Government Finance Bills and will come into effect from 1 April 2017.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

The draft responses have been shared with colleagues in planning and any comments from them will be reported at the meeting.

Background Papers:

None.

Risk Management:

There is a risk that if insufficient responses are made to consultations the Government will either stop consulting or will not act on the responses they receive.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Date / Name	Summary of equality analysis
26/01/16 Director of Resources	The report is about responding to a Government consultation. Whilst the response is aimed at reducing the overall reduction in resources it does not deal with the use of those resources and so has no equalities implications.

This page is intentionally left blank

Draft Responses to New Homes Bonus Consultation

Question 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?

It is regrettable that the Government feels it necessary to reduce the number of years at all. There are other options that could be pursued to provide additional funding for social care without altering the New Homes Bonus.

If the number of years is to be reduced from 6 to 4 it is best that this is done with an interim period of 5. The change will have a significant effect on the finances of district councils so a transition period would assist councils in better managing the impacts.

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

The number of years of payment should be maintained at 6. If the number is to be reduced it should not go below 4. To reduce the number below 4 would threaten the financial viability of some authorities.

Question 3 Should the Government continue to use this approach? If not, what alternatives would work better?

The approach of basing allocations on council tax returns is well established and easily understood. It is a transparent method that requires no additional collection or manipulation of data. No convincing case has been made for a change in this approach.

Question 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?

The question is based on a false premise as not having a Local Plan in place is not a significant cause of delays in building. Therefore local authorities should not lose their allocation in years during which their Local Plan has not been submitted. The real cause of delay is developers banking land and the arrangement that should be put in place should deal with this genuine cause of delay in the provision of new homes.

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

If the Government is to persist with a scheme to penalise authorities who do not have a Local Plan then there should be a mechanism for abatement. The consultation is called "Sharpening the Incentive" and without a mechanism for abatement an important incentive is lost.

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

It is hard to see how any mechanism to reduce New Homes Bonus where homes are only allowed on appeal can be accurate without a considerable bureaucratic burden. The logic here seems flawed as well. On one hand authorities are being incentivised to put Local Plans in place but then if approval is refused, in accordance with the Local Plan, authorities will be penalised by a reduction in payments if approval is then given on appeal.

Question 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?

See response above – it is not agreed that payments should be reduced where homes are allowed on appeal.

Question 8 Do you agree that reductions should be based on the national average Band D council tax? If this were to change (see question 3) should the new model also be adopted for this purpose?

See responses above – it is not agreed that reductions should be made.

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

Setting a national baseline to reduce the number of homes that qualify for payments does not offer the best incentive effect. For authorities with low growth setting a national baseline will significantly reduce or remove the incentive.

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

See response above – it is not agreed that there should be a baseline.

Question 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?

See responses above – it is not agreed that there should be a baseline or that the resources for adult social care should be provided through reductions in New Homes Bonus.

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

Whatever scheme is put in place should apply equally to all authorities.

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

It is agreed that county councils should not be exempted from adjustments to the Bonus payments.

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

Some form of protection should be used to assist the authorities suffering the largest adverse impacts from these proposals. To impose changes without protection would put the welfare of residents who are reliant on council services at risk.

This page is intentionally left blank



Department for
Communities and
Local Government

New Homes Bonus: Sharpening the Incentive

Technical Consultation



© Crown copyright, 2015

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

This document/publication is also available on our website at www.gov.uk/dclg

If you have any enquiries regarding this document/publication, complete the form at <http://forms.communities.gov.uk/> or write to us at:

Department for Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

For all our latest news and updates follow us on Twitter: <https://twitter.com/CommunitiesUK>

December 2015

ISBN: 978-1-4098-4748-9

Contents

Section 1: Consultation Procedure	4
Section 2: Introduction	7
Section 3: Options for Change	9
Section 4: Summary of Questions	20
Section 5: Next Steps	21
Annex – Worked Example	22

Section 1: Consultation Procedure

Scope of the consultation

Topic of this consultation:	This consultation seeks views on options on changes to the New Homes Bonus in order to better reflect authorities' delivery of new housing. It also seeks views on reducing the number of years in which current and future payments are made.
Scope of this consultation:	This consultation sets out a variety of options for increasing the focus of the New Homes Bonus ("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. 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; and adjusting the Bonus to reflect estimates of deadweight. The consultation also sets out proposals for reductions in the number of years for which the Bonus is paid from the current 6 years to 4 years. The consultation considers mechanisms by which the changes could be calculated and provides exemplifications to show how the changes would work in practice alongside indications of the total cost. The changes are only proposed for 2017-18 onwards so exemplifications of impacts on individual local authorities have not been provided.
Geographical scope:	This consultation is applicable to England only.
Impact Assessment:	Impact Assessments are required where policies have a potential regulatory impact. This consultation focuses on an existing spending policy - the New Homes Bonus - so is not accompanied by an Impact Assessment.

Basic Information

To:	Local Authorities Housing Bodies
Body/bodies responsible for the consultation:	Housing Markets Division Department for Communities and Local Government
Duration:	12 weeks

Enquiries:	newhomesbonus@communities.gsi.gov.uk Noemi Chlopecka Housing Markets Division Department for Communities and Local Government Fry Building 2 Marsham Street London SW1P 4DF Tel: 0303 444 4561
How to respond:	If possible, please respond to the questions in this consultation via the online form https://www.surveymonkey.co.uk/r/X8RHS5 Responses may also be sent to: newhomesbonus@communities.gsi.gov.uk The deadline for responses is 10 March 2016.
After the consultation:	Comments received on the proposals set out in the consultation will be collated and a formal response document published within three months of the closing date of the consultation.
Compliance with the Consultation Principles:	This consultation document and consultation process adhere to the Government's consultation principles, these can be found at: https://www.gov.uk/government/publications/consultation-principles-guidance Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004). If you want the information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

	<p>The Department for Communities and Local Government will process your personal data in accordance with the Data Protection Act and in the majority of circumstances this will mean that your personal data will not be acknowledged unless specifically requested.</p> <p>Your opinions are valuable to us. Thank you for taking the time to read this document and respond.</p> <p>If you have any observations about how we can improve the consultation process, please contact:</p> <p>DCLG Consultation Co-ordinator Department for Communities and Local Government Fry Building 2 Marsham Street London SW1P 4DF</p> <p>Or by email to:</p> <p>Consultationcoordinator@communities.gsi.gov.uk</p>
--	--

Background

<p>Getting to this stage:</p>	<p>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.</p>
<p>Previous engagement:</p>	<p>The Department for Communities and Local Government carried out a consultation on the New Homes Bonus in 2010.</p> <p>A further consultation on putting some of the Bonus into the Local Growth Fund was carried out in 2013.</p>

Section 2: Introduction

Aim

2.1. 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.

Background

2.2. The New Homes Bonus reflects the crucial role local authorities play in supporting housing and wider economic growth by rewarding additional homes built in their areas. The Bonus rewards local authorities for each additional new build and conversion using the national average council tax in each band. Long-term empty properties brought back into use are also included and there is a premium for affordable homes. Each year’s grant is paid for 6 years. The Bonus is not ring-fenced. In two-tier areas payments are split between both county (20%) and district (80%) authorities. From 2016-17, allocations to local authorities made under the Bonus are expected to total in the region of £1.4 billion to £1.5 billion annually. Since its introduction, payments to local authorities have totalled just under £3.4 billion reflecting over 700,000 new homes and conversions and over 100,000 empty homes brought back into use. Of the total, over 200,000 were affordable homes.

2.3. Last year, the then Government carried out an evaluation of the Bonus, examining its impact to date on attitudes and behaviours of key players in relation to housing delivery and examining the impact on the finances of local authorities. The findings of the evaluation can be found at <https://www.gov.uk/government/publications/evaluation-of-the-new-homes-bonus> and have been taken into account in designing this consultation proposal. Key findings were that almost 50% of planning officers agreed that the Bonus was a powerful incentive to support housing growth; the Bonus is seen to be simple, transparent and flexible; and that, in 2014-15, 75% of local authorities were net gainers from the policy.

2.4. 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.

2.5. 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.

2.6. This consultation, therefore, seeks views on the options for change to two aspects of the Bonus: reducing overall costs by moving from 6 years to 4 of payments and reform of the Bonus in order to better reflect local authorities' performance on housing growth. It also considers options for staying within the funding envelope in the event of a sudden surge in housing growth.

Section 3: Options for Change

3.1. This section outlines the options that the Government has been considering for changes to the Bonus in more detail. It sets out the principles involved and describes the approach that could be taken. In most cases, the Government's preferred approach is described together with any other options that have been considered. Where appropriate, exemplifications are included to show how the proposed changes would work. The impact of each possible change on the total funds required by the Bonus is also exemplified for illustrative purposes only using the total provisional allocations for 2016-17.

3.2. It is important to stress that the changes proposed in this section would only be implemented for payments in 2017-18 onwards. **No changes are proposed for either calculation of 2016-17 allocations or payments due to be made in 2016-17 relating to previous years.** This is to ensure that local authorities have sufficient time to reflect the proposed changes in their forward planning.

Changing the number of years for which payments are made

3.3. At present, each year's allocation under the Bonus leads to "legacy" payments over 6 years. Originally, this was to compensate for reductions in settlement allocations which reflected growth in an authority's Council Tax base. However, since 2011, the decision has been taken not to reduce allocations in this way. At the same time, the way in which each year's allocations lead to commitments over several years leads to a build up of costs over time. Table 1 below shows how payments relating to allocations up to and including those for 2016-17 would, if allowed to continue unaltered, would lead to substantial costs even with no further new allocations.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Payment relating to:										
2011/12	199	199	199	199	199	199				
2012/13		233	233	233	233	233	233			
2013/14			236	236	236	236	236	236		
2014/15				249	249	249	249	249	249	
2015/16					251	251	251	251	251	251
2016/17						293	293	293	293	293
2017/18							293	293	293	293
2018/19								293	293	293
2019/20									293	293
2020/21										293
Annual total (£m)	199	432	668	917	1,168	1,461	1,555	1,615	1,672	1,716

Chart 1: existing unreformed scheme¹

¹ 2016-17 costs reflect provisional allocations for the year 2016-17 published alongside this document.

Legacy Payments

3.4. Allowing legacy payments to continue unchanged would also reduce the impact of the proposals in this section (see paragraphs 3.10 to 3.31) to increase the incentive effect of the Bonus since legacy payments relating to earlier, less focussed, allocations would, in the first few years, significantly outweigh new allocations calculated to better reflect local authorities' performance.

3.5. **The Government is therefore consulting on whether from from 2017-18, the number of years for which legacy payments under the Bonus are to be paid will be reduced from 6 years to 4 years.** This is the Government's preferred option. But it is considering whether to move further and reduce payments to 3 or 2 years.

Transition

3.6. There are several ways in which a reduction in the number of years over which payments would be made could be introduced. In considering options, the Government will aim to strike a balance between achieving the required level of reductions within the Spending Review period and protecting the forward planning which local authorities may have done in anticipation of the payments linked to past allocations.

3.7. One option is to reduce the numbers of years for which payments are made for both existing and future allocations to 5 years in 2017-18 and 4 years in 2018-19. The impact on total annual payments, assuming no other changes, is exemplified in Table 2 below. It has the advantage of protecting existing payments for both 2016-17 and 2017-18 whilst freeing up funding from 2018-19.

Payment relating to:	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	199	199	199	199	199	199				
2012/13		233	233	233	233	233				
2013/14			236	236	236	236	236			
2014/15				249	249	249	249			
2015/16					251	251	251			
2016/17						293	293	293	293	
2017/18							293	293	293	293
2018/19								293	293	293
2019/20									293	293
2020/21										293
Annual total (£m)	199	432	668	917	1,168	1,461	1,322	1,130	1,173	1,173

Chart 2: Reducing payment period to 4 years (5 years in 2017/18 and 4 years form 2018/19 onward)

3.8. An **alternative** to this approach could be to introduce the reduction in years earlier or without the intermediate step to 5 years. Chart 3 below shows the impact this might have on overall costs. A **further alternative** would be to reduce the numbers of years for which payments are made to 3 or 2 years.

£m	Payments already made
£m	Payments to be made
£m	Estimated future payment

Payment relating to:	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	199	199	199	199	199	199				
2012/13		233	233	233	233	233				
2013/14			236	236	236	236				
2014/15				249	249	249	249			
2015/16					251	251	251	251		
2016/17						293	293	293	293	
2017/18							293	293	293	293
2018/19								293	293	293
2019/20									293	293
2020/21										293
Annual total (£m)	199	432	668	917	1,168	1,461	1,086	1,130	1,173	1,173

Chart 3: reducing payment period to 4 years without an interim 5 year stage

Consultation question 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?

Consultation question 2

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

3.9. Bonus allocations are currently calculated using the council tax returns. The net increases in numbers of homes falling within each council tax band are established by comparing successive years' returns. The numbers of homes falling outside band D are then scaled to reflect their equivalence to band D. The resulting total figure is then applied to the national average band D council tax bill for the year to generate the total allocation for that year. There are some concerns that this approach, by favouring higher band homes above those falling into lower bands, could result in some skewing of allocations in favour of areas with higher house prices although this may be partially mitigated by the use of an average value for the band D council tax bill.

Consultation question 3

Should the Government continue to use this approach? If not, what alternatives would work better?

Reforms to improve the incentive

3.10. At present, the Bonus rewards all net additions to housing in an area regardless of the path leading to their construction. It is possible to argue that the Bonus is, therefore, insufficiently focused on really strongly performing authorities. In order to counteract these effects, the Government has considered three ways in which the incentive impact of the Bonus could be improved:

- (a) withholding new Bonus allocations in areas where no Local Plan has been produced in accordance with the Planning and Compulsory Purchase Act 2004;

(b) reducing payments for homes built on appeal; and

(c) only making payments for delivery above a baseline representing deadweight.

3.11. An option would be for the Government to only introduce the improved incentives. The illustrative costs are shown in chart 4. This model still frees up resources, but at reduced levels.

	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	Payments already made	Payments to be made	Payments to be made	Payments to be made	Payments to be made	Payments to be made	Estimated future payment	Estimated future payment	Estimated future payment	Estimated future payment
Payment relating to:	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	199	199	199	199	199	199				
		233	233	233	233	233	233			
			236	236	236	236	236	236		
				249	249	249	249	249	249	
					251	251	251	251	251	251
						293	293	293	293	293
							168	168	168	168
								168	168	168
									168	168
										168
Annual total (£m)	199	432	668	917	1,168	1,461	1,430	1,365	1,297	1,217

Chart 4: introducing all the incentives in the government’s preferred model from 17/18, but making payments for 6 years.

A. Withholding the Bonus where no Local Plan has been produced

3.12. Local Plans are the primary basis for identifying what development is needed in an area and deciding where it should go. Plans give communities and businesses alike certainty about what development is appropriate and where, and set out how local housing and other development needs will be met. Plans are the mechanism through which national policies are applied to specific localities. By identifying sites in a Local Plan authorities can guide development to the most suitable locations, supported by the right infrastructure. Plans provide the starting point for dealing with planning applications as applications must be determined in accordance with the development plan, unless material considerations indicate otherwise. Where a plan is not in place an area may be more vulnerable to unwanted or speculative development.

3.13. Local authorities have had more than a decade to produce Local Plans in accordance with the Planning and Compulsory Purchase Act 2004² (“the 2004 Act”). Most have done so – 83% of local planning authorities have published a Local Plan and 66% of

² Local Plan means any document of the description referred to in regulation 5(1)(a)(i), (ii) or (iv) or 5(2)(a) or (b), and for purposes of section 17(7)(a) of the Act these documents are prescribed as development plan documents. See Town and Country Planning (Local Planning) (England) Regulations 2012

http://www.legislation.gov.uk/ukxi/2012/767/pdfs/ukxi_20120767_en.pdf. The National Planning Policy Framework sets an expectation that each local planning authority should produce a single Local Plan which sets out the strategic planning priorities for the area. In practice authorities may adopt multiple development plan documents which collectively constitute the area’s Local Plan.

planning authorities have an adopted Local Plan³. At present, local authorities currently receive Bonus payments even where they have not yet put a Local Plan in place⁴. Given the importance of a Local Plan in identifying housing needs in an area and setting the framework for decisions on individual planning applications the Government is considering options for withholding some or all of the Bonus from local authorities that have not yet produced a Local Plan.

3.14. The **Government's preferred option** is that from 2017-18 onwards, local authorities who have not submitted a Local Plan prepared under the 2004 Act should not receive new New Homes Bonus allocations for the years for which that remains the case. Their legacy payments relating to allocations in previous years would be unaffected. An alternative would be for local authorities to receive a set percentage (50%) of the Bonus allocation where they have published a Local Plan but not yet submitted it to the Secretary of State for examination. This approach would recognise progress against the different stages in the plan-making process.

3.15. In July 2011, the Government wrote to local planning authorities and asked that they notify the Planning Inspectorate three months before the publication date of any development plan document and then continue with regular contact prior to the formal submission⁵. The Planning Inspectorate uses this information to maintain a list of how local planning authorities across England are progressing their Local Plans. The Government proposes to use this information to determine the level of abatement. Local authorities will, of course have the usual opportunity between the publication of provisional and confirmed allocations to challenge where they believe that an error has been made in the calculation of the allocation.

Consultation question 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?

3.16. To be effective, Local Plans need to be kept up-to-date. Policies will age at different rates depending on local circumstances, and local planning authorities should review the relevance of the Local Plan at regular intervals to assess whether some or all of it may need updating. Most Local Plans are likely to require updating in whole or in part at least every five years. The Government has, therefore, considered an alternative approach to abatement based on a banded mechanism whereby authorities would lose a fixed percentage of the Bonus they would otherwise have received based on the date of their adopted Local Plan. However, while this would provide an incentive for authorities to keep their plans up-to-date, this option would bring more complexity to the bonus calculation.

³ Figures based on 336 relevant local planning authorities as at end November 2015.

⁴ By Local Plan we mean a development plan document that sets the strategic planning policies for the whole of an authority's administrative area, and which has been prepared, examined, and adopted under the provisions of the 2004 Act. Such documents are often referred to as a "Core Strategy", a "Local Plan" or a "Local Plan (Part 1)."

⁵ For further details see: <https://www.gov.uk/guidance/local-plans#monitoring-local-plans>.

Consultation question 5

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

3.17. The Government wants to ensure that plans are in place that set out the strategic priorities for an area, including a clear assessment of housing needs, and that identify key sites which are critical to the delivery of the housing strategy over the plan period. The Government is not, therefore, proposing to link Bonus payments to the type of plans that are commonly prepared by County Councils in two tier areas. County Councils do, however, have an important role in delivering essential infrastructure. Arguably this could have an impact on the ability of District Councils to produce their Local Plan. We would, therefore, welcome views on whether in two tier areas where a Local Plan has not been published, there should be a corresponding percentage reduction in the bonus available to County Councils.

3.18. If the Government's preferred option outlined in paragraph 3.14 (but not those in 3.16 and 3.17) for withholding and reducing the Bonus had applied in 2016-17, there would have been a £34 million increase in resource available for other pressures.

3.19. As described in paragraph 3.12, the impacts on Bonus payments would only apply during the years for which a local authority had not published or submitted a Local Plan. For instance, if, in normal circumstances, a local authority would have been entitled to grant payments under the Bonus in 2017-18, but had not published its Local Plan until 2019-20, that authority would not receive any payments in the years 2017-18 and 2018-19. But it would receive legacy payments relating to allocations in previous years including 2017-18 and 2018-19, alongside any new allocation, in 2019-20.

B. Reducing payments for homes allowed on appeal

3.20. Currently, where a development is granted planning permission on appeal, overturning the original decision made by a local planning authority (or in place of a decision by the authority in the case of appeals against non-determination), councils receive the same reward as when development takes place that the local planning authority has permitted. This means that Bonus payments do not always reflect positive decisions to allow development, and nor do they reflect the additional costs and delays for applicants arising as a result of the appeal process. The Government is, therefore, proposing to reduce new in-year allocations payments to individual authorities where residential development is allowed on appeal.

3.21. Government's **preferred approach** is to use existing data collected by the Planning Inspectorate as the basis for these adjustments. The Inspectorate record the number of houses associated with each planning appeal decision (which may be indicative numbers in the case of applications for outline planning permission). This data would be used on an annual basis to calculate the change required to the overall New Homes Bonus grant for each local authority, to reflect the total number of homes allowed on appeal in a given year. This would allow adjustments to be calculated in a relatively straightforward and transparent manner.

3.22. Some time can elapse between a decision by a local planning authority to refuse an application, any subsequent appeal decision and when the resulting homes get built and

added to the council tax base. To allow for this, there would be a time lag between the appeal outcomes that are counted for the purposes of New Homes Bonus adjustments, and the point at which those changes are then applied to Bonus payments. This will reduce any possibility of a significant mismatch between the pattern of current planning decisions by an authority and any change in Bonus payments which is made.

3.23. The Government has considered whether, as an alternative option, individual planning appeal decisions involving housing could be tracked through to completion, so that adjustments to New Homes Bonus payments are made only when the properties concerned are built and occupied (with the change then reflected in the next applicable New Homes Bonus calculation). However this would add significantly to the data that needs to be collected and reported by local planning authorities, so it is not government's preferred approach.

Consultation question 6

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

3.24. Government proposes that there would be a reduction in the New Homes Bonus payment per home allowed on appeal, rather than it being withheld in full. This is for two reasons:

- Not all refusals of permission – and subsequent appeals – result from authorities opposing the principle of development (some, for example, arise from unresolved disagreements over technical issues such as the adequacy of highways access).
- The New Homes Bonus is intended to provide a benefit to the community as a whole, and there is a limit to the extent to which local people should be penalised as a result of poor decisions made by their local planning authority.

3.25. The Government is therefore consulting on whether to reduce New Homes Bonus payments by 50%, or 100% where homes are allowed on appeal, although we are interested in views on other percentage reductions that could be applied. This adjustment would be applied to all six years for which the Bonus would otherwise have been paid in full.

Consultation question 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?

3.26. At the time of an appeal decision the ultimate council tax banding of the homes being proposed is not known (as this will depend on their valuation once built). For this reason the calculation of what adjustment should be made, where homes are allowed on appeal, will need to be based on a proxy value. Government's preferred approach is to use the standardised flat rate reduction in payments – for example based on a national average New Homes Bonus figure for Band D properties⁶. The use of the average council tax, for the existing housing stock in each authority was considered as an alternative proxy value, to avoid the risk of over-penalising authorities with high percentages of stock in lower

⁶ This is in line with the current approach of calculating the New Homes Bonus.

council tax banding (and, conversely, of applying a reduced penalty in areas where high value properties predominate). In order to maintain consistency with the rest of the New Homes Bonus allocations process this was rejected in favour of the simplicity and transparency inherent in the national Band D average.

Consultation question 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?

3.27. We estimate that the overall impact of the Government's preferred approach to abatement to reflect housing permissions given on appeal would have been a reduction in 2016-17 New Homes Bonus allocations of around £17m. To understand the process in detail a worked **example** for a "typical" authority, is provided in the Annex to this consultation paper.

C. Removing deadweight

3.28. The Bonus is currently paid on all new housing regardless of whether or not it would have been built without an incentive. Removing this deadweight from the calculation of the Bonus would allow payments to be more focussed on local authorities demonstrating a stronger than average commitment to growth.

3.29. **One option** for removing deadweight from payments would be to set a single baseline for all areas and only make payments under new allocations relating to housing above that baseline. Details of the calculation are outlined in the Annex to this consultation. A possible level of the baseline is 0.25%. This is lower than the average housing growth over the years prior to the introduction of the Bonus in order to ensure that, whilst it acts as an incentive, not too many authorities fall outside the Bonus entirely. The approach proposed also has the advantage of setting an expectation for growth for all authorities and allowing some flexibility to respond to a changing funding envelope if necessary.

Consultation question 9

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

Consultation question 10

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

3.30. An **alternative option** would be to set a baseline based on the average growth rate of dwellings in each local authority or local area. However, potentially, this would have the impact of "rewarding" authorities who had only achieved low growth in the past and penalising those who had done well. In addition, it could result in large numbers of authorities not receiving a Bonus payment at all (using 2016-17 provisional figures, we estimate that around 65 authorities would fall outside the Bonus with a "moderate" baseline of 0.5%). This could have the perverse impact of reducing the significance of the Bonus for those authorities and, thus, eroding its incentive effect overall.

3.31. Government would also make **adjustments to the baseline in order to reflect significant and unexpected housing growth**. Under the current proposals for calculation of allocations, there is a risk that the overall cost of the Bonus could go over budget in a given year in the event of a sudden national surge in housing building leading to increased allocations. As explained above, the current proposed level for the deadweight threshold is set around a third of historic levels of housing growth. This leaves considerable scope to increase the threshold without impinging significantly on additional growth. Increasing the threshold would allow the cost of the Bonus to be brought back within budget. It would also be consistent with the Government's intention to ensure that the Bonus acts as a true incentive to housing growth. Changes to the baseline would only be implemented where there was concern that budgets would be breached and would be included in the annual consultation on provisional allocations.

Consultation question 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?

Impacts on equalities groups

3.32. In exercising its functions, the Government is required to comply with the public sector equality duty. This means that the government must have due regard, in making any decision, to the need to eliminate discrimination and other conduct prohibited under the Equality Act 2010, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation.

3.33. Government would welcome information on any impacts that consultees can foresee these proposals having on specific protected equalities groups under the Equalities Act 2010. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation.

Worked examples

3.34. Chart 5 below exemplifies the overall impact of the changes proposed using the provisional allocations published alongside this consultation for 2016-17 and assuming that these would be unchanged in future years without the proposals in this consultation. A detailed example showing the impact on an imaginary local authority is set out in the Annex to this consultation paper.

£m	Payments already made
£m	Payments to be made
£m	Estimated future payment

Payment relating to:	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	199	199	199	199	199	199				
2012/13		233	233	233	233	233				
2013/14			236	236	236	236	236			
2014/15				249	249	249	249			
2015/16					251	251	251	251		
2016/17						293	293	293		
2017/18							168	168	168	168
2018/19								168	168	168
2019/20									168	168
2020/21										168
Annual total (£m)	199	432	668	917	1,168	1,461	1,197	880	798	673

Chart 5 – preferred option, combined impact

National parks, development corporations and county councils

3.35. National Park Authorities (and the Broads Authority) are responsible for decisions on planning applications in their areas, and for producing a Local Plan; whereas New Homes Bonus payments are made to the relevant district and county councils. This reflects the fact that local authorities are responsible for many of the services that would be affected by increased population in their areas. The original scheme design for the New Homes Bonusⁱ did, however, make clear that billing authorities were expected to discuss with National Park Authorities and the Broads Authority the use of Bonus receipts in their areas. This could, for example, conclude in an agreement to split New Homes Bonus funding between them at a locally determined rate, or to reach an agreement on funding a specific community project.

3.36. Government has considered whether, in such areas, the Bonus paid to local authorities should be removed or reduced in the circumstances set out in this consultation: that is, where a local plan is not yet in place, where homes are allowed on appeal or where the homes being delivered are not additional to planned targets. As a more tightly-focused Bonus would have an increased focus on rewarding proactive planning, we think that the same approach should apply in these areas as elsewhere: in other words, the appropriate reductions would apply.

3.37. The same considerations apply where development corporations are established – whether Urban Development Corporations, or Mayoral Development Corporations in London. These bodies are again the local planning authority for Local Plan preparation and decisions on planning applications and, in some cases, plan making, but not the recipients of the New Homes Bonus.

Consultation question 12

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

3.38. Government has also considered the position of county councils in two tier areas, who receive 20% of Bonus payments, but are not the planning authority for decisions

involving residential development. Again, Government is not proposing to exempt county councils from the calculation of any adjustments, given the need to more tightly focus future Bonus payments.

Consultation question 13

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

Protecting individual local authorities

3.39. In proposing the reforms set out in this consultation, Government has sought to ensure that impacts strike the right balance between rewarding local authorities who are truly open to housing growth in their areas and the provision of sufficient resources, when taken with those provided under the wider local government settlement, to meet local needs. It is possible, however, that some local authorities might be particularly adversely affected by the changes which Government is proposing. Whilst this might reflect unwillingness to support and encourage housing growth in their areas, it might also suggest factors which are outside that local authority's control. Government would, therefore, welcome views on whether there is merit in some form of mechanism to protect local authorities who are particularly adversely affected by the reforms proposed in this consultation paper.

Consultation question 14

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

Section 4: Summary of Questions

Question 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?

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

Question 3 Should the Government continue to use this approach? If not, what alternatives would work better?

Question 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?

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

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

Question 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?

Question 8 Do you agree that reductions should be based on the national average Band D council tax? If this were to change (see question 3) should the new model also be adopted for this purpose?

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

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

Question 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?

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

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

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

Section 5: Next Steps

Next steps

5.1 You should respond by 10 March 2016. If possible, please respond to the questions in this consultation via the online form: <https://www.surveymonkey.co.uk/r/X8RHS5>. Responses may also be sent to: newhomesbonus@communities.gsi.gov.uk (With attachments in Microsoft Word only).

5.2 Comments received on the proposals set out in the consultation will be collated and a formal response document published within three months of the closing date of the consultation.

Annex – Worked Example

Suppose a unitary local authority has 10,000 dwellings in their council taxbase in October 2015 and these are spread evenly across the council tax bands. If there was a net increase of 80 dwellings added during the following year, evenly spread across the council tax bands, then this would equate to an increase of 97 band D equivalent dwellings.

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Adjustment factor for Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
2015 council taxbase	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	10,000
Net additions	10	10	10	10	10	10	10	10	80
Additions (Band D equivalents)	7	8	9	10	12	14	17	20	97

Assuming 10 of these new dwellings were eligible for the affordable housing premium and applying the latest average Band D council tax rate (2015/16 - £1,483.58) then that local authority would be eligible for the following payments under an unreformed New Homes Bonus scheme in 2017/18:

Band D equivalents	97
Average band D	£1,483.58
Sub-total:	£143,413
Affordable housing premium (per unit)	£350
Affordable housing supply	10
Sub-total:	£3,500
Total Bonus:	£146,913

The impact of policy proposals – withholding the Bonus where there is no Local Plan

If the same hypothetical authority was allocated a New Homes Bonus payment of £120,000 in 2016/17 and each year from 2017/18 would generate the same payment, as outlined above (£146,913) the impact of the reforms will depend on the

status of their local plan in each year. Assuming that the local authority does not have a plan in place in 2017/18 but publishes one in 2018/19 and submits it in 2019/20 their new homes bonus payments are illustrated below:

		Payment received in:					
		Bonus amount:	2016/17	2017/18	2018/19	2019/20	2020/21
Payment relating to:	2016/17	£120,000	£120,000	£120,000	£120,000	£120,000	£120,000
	2017/18	£146,913	n/a	£0	£0	£146,913	£146,913
	2018/19	£146,913	n/a	n/a	£0	£146,913	£146,913
	2019/20	£146,913	n/a	n/a	n/a	£146,913	£146,913
	2020/21	£146,913	n/a	n/a	n/a	n/a	£146,913
Local plan status			No Local Plan	No Local Plan	Plan published	Plan submitted	

Having no plan in 2017/18 means that aside from payments from allocations on or before 2016/17 the local authority receives no additional New Homes Bonus allocation in that year, losing £146,913. In the following year on publication of their Local Plan they still do not receive a bonus allocation for 2017/18 and 2018/19. Once the local plan is submitted in 2019/20 all payments resume in full.

In two tier areas, we are proposing that the impacts would only affect the district authority and not the County Council (although, in paragraph 3.15, the question is explored further). As such, under the same circumstances the impacts would be 80% of the full payment outlined for the hypothetical unitary authority used in this example.

The impact of policy proposals - reducing payments for homes allowed on appeal

Suppose now the local authority had seen several recent planning decisions appealed and as a result the Planning Inspectorate had given permission for 10 dwellings on appeal. This would trigger a 50% reduction in the New Homes Bonus allocation awarded for 10 dwellings.

Band D equivalents	97
Average band D	£1,483.58
Affordable Homes premium	£3,500
Sub-total:	£146,913

50% of average Band D	£741.79
Homes permitted on appeal	10
Sub-total – reduction in bonus	£7,418
Total Bonus:	£139,495

If this were a two tier authority the reduction would be incurred by both tiers in the same proportions as the bonus is awarded because the reduction in award is determined as above before being distributed to local authorities according to the tier split. As such, under the same circumstances a district authority would receive £111,596 and the County Council £22,319, as opposed to £117,530 and £23,506 respectively.

In any local authority area where the level of appeals were so high in a year as to exceed the effective growth (measured in Band D equivalents) of their council taxbase, their only award would be based on the affordable housing premium with all other elements of the payment being reduced to zero.

The impact of policy proposals – removing deadweight

The baseline growth in the council taxbase proposed in this worked example is 0.25% of the growth in Band D equivalents and this is applied to all local authorities. This level of baseline removes an element of the allocation on the basis of underlying growth, whilst trying to limit the extent to which local authorities do not receive any award under the New Homes Bonus. This approach alone would affect all authorities to some extent but in 2016/17 provisional allocations only 8 would have failed to reach the threshold growth in their council taxbase to receive no payment whatsoever and two of those authorities would not have been rewarded anyway because they saw a decrease in total Band D equivalents.

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Adjustment factor for Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
2015 council taxbase	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	10,000
Band D equivalents (start year)	833	972	1,111	1,250	1,528	1,806	2,083	2,500	12,083
Net additions	10	10	10	10	10	10	10	10	80

Additions (Band D equivalents)	7	8	9	10	12	14	17	20	97
Baseline growth (deadweight 0.25%)	2	2	3	3	4	5	5	6	30
Growth above baseline	5	5	6	7	8	10	11	14	66*

*Totals may not sum due to rounding (after adjusting to Band D equivalent numbers)

Taking the example of the hypothetical authority described above once more. The growth in band D equivalents of 97 represents a 0.8% increase in their stock of Band D equivalents. Therefore the baseline growth of 0.25% would represent 30 of these and as such the New Homes Bonus allocation would be calculated by applying the national average Band D council tax (£1483.58) to the remaining 66, to give an allocation of £102,096. This represents a reduction of £44,816 when compared to the unreformed system.

The combined impact

Band D equivalents (growth)	97
Average band D	£1,483.58
Affordable Homes premium	£3,500
Sub-total:	£146,913
Reduction in bonus - appeals	£7,418
Reduction in bonus - deadweight	£44,816
Total reduction in bonus	£52,234
Final Bonus allocation:	£94,678

This page is intentionally left blank