



Name of meeting: **Cabinet**
Date: **8 March 2016**

Title of report: **Potential implications of the Government's Housing and Planning Bill on the preparation of the council's Local Plan and Neighbourhood Planning**

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes The Local Plan is a district wide plan and the implications of the Housing and Planning Bill are likely to have implications for all wards.
Is it in the Council's Forward Plan ?	No - this is not a key decision report
Is it eligible for "call in" by Scrutiny ?	No - this is not a report seeking a decision
Date signed off by <u>Director</u> & name	Jacqui Gedman - 29.02.16
Is it signed off by the Director of Resources?	David Smith - 29.02.16
Is it signed off by the Assistant Director - Legal, Governance and Monitoring	Julie Muscroft - 29.02.16
Cabinet member portfolio	Councillor David Sheard - Strategic Themes, Councillor Peter McBride, Transportation, Skills, Jobs and Regional Affairs

Electoral [wards](#) affected: **All**
Ward councillors consulted: **None**

Public or private: **Public**

1. Purpose of report

The purpose of this report is to set out the various implications that the Housing and Planning Bill and other associated consultations being carried by the Department of Communities and Local Government may have on the council's Local Plan. It should be noted that this report deals solely with the potential implications for the council's Local Plan. The provisions of the Housing and Planning Bill are varied and will have an impact on several council functions and service areas, including other parts of the Planning service.

2. Key points

Members will be aware that the council has a statutory duty to prepare a development plan under existing planning legislation. Good progress is being made on the Local Plan and the council has published a Local Development Scheme (in accordance with legislation) which sets out the proposed timetable for its preparation. This is attached as a background document to this report.

The Housing and Planning Bill 2015-16 had its first reading in the House of Commons on 13 October 2015. It has passed through the House of Commons and is now at a House of Lords committee stage following two readings in the House of Lords. Given the relatively advanced stage of the Bill it is reasonable to assume that it will receive Royal Assent later this year, although its final form is not yet known.

The Housing and Planning Bill proposes significant changes to housing and planning delivery. As far as the provisions of the Bill relate to Local Plans and planning policy matters the following issues are of direct relevance:

Issue:	Summary:
Secretary of State Powers to intervene in Local plans and plan making	<p>Significantly enhanced powers for the secretary of state to intervene in plan-making and plan examinations form a key part of the bill. These changes are designed to enable the government to meet its commitment for all areas to have produced a local plan by early 2017.</p> <p>The government argues that the secretary of state's current powers of intervention are unhelpful because they only allow plan-making to be taken over in its entirety. Instead, it wants to enable "more targeted and proportionate intervention". Under the bill, therefore, the communities' secretary will be able to instruct a local planning authority to undertake the following specific tasks: prepare or revise a DPD; submit the document to independent examination; publish the recommendations of the inspector; and consider whether or not to adopt the DPD.</p> <p>The secretary of state will also be able to: direct that a DPD is submitted to him or her for approval; set out what is to happen to a document following an intervention; and issue a "holding direction" to a local authority, preventing it taking any step in connection with the adoption of a DPD while the secretary of state decides whether or not to intervene.</p> <p>This expansion of ministerial powers will also extend to the examination process. Under the bill, the secretary of state will be able to direct inspectors to suspend the examination; consider specified matters; hear from specified persons; or</p>

	take other, as yet unspecified, procedural steps.
Proposed changes to planning obligations and definition of affordable housing	A new clause introduced into the bill contains a new definition of affordable housing. It defines it as "new dwellings in England that are to be made available for people whose needs are not adequately served by the commercial housing market", and also brings Starter Homes within the definition.
Starter Homes	<p>The bill introduces new duties for local authorities specifically in relation to Starter Homes, the government initiative whereby new-build houses will be available to first-time buyers under the age of 40 at a discount (20%) from the market rate.</p> <p>There will be a general duty to promote the supply of Starter Homes when planning functions are being carried out - for example, when preparing local plans. The specific duty will be a requirement to ensure that Starter Homes are delivered "on all reasonably sized sites", the government says. Secondary legislation will set out the percentage of Starter Homes that will be required on different sizes of site and in different areas. Local authorities will be able to exercise discretion where it is clear that the requirement would make sites unviable. If a council is failing to comply with its Starter Homes duties and a policy in its local development document is incompatible with these duties, the secretary of state may prevent the application of that policy when certain planning decisions are taken.</p>
New default plan-making powers for the Mayor of London and combined authorities	An amendment to the bill paves the way for the mayor and combined authorities to prepare a development plan document for a council which is located within their respective area. The government says this power may be exercised "where the secretary of state thinks that the LPA are failing or omitting to do anything it is necessary for them to do in connection with the preparation, revision or adoption of the document." The Mayor or combined authority would then be responsible for preparing the document and having it examined. They may then approve the document or direct the respective LPA to consider adopting it.
Planning permission in principle (PPIP)	A new type of automatic consent will be introduced called "planning permission in principle" (PPIP). This is intended to offer developers more certainty about consent at an earlier stage and improve efficiency by avoiding multiple tests on key issues such as location, use and quantity of development. One of the ways in which PPIP could be granted, is on adoption of a qualifying document that allocates specified kinds of sites.

<p>PPIPs through qualifying documents</p>	<p>Under one of the Bill's proposals, councils and neighbourhood groups will be able to grant PPIP for housing sites through allocations in qualifying documents. A development order will set out what kind of document can allocate land for PPIP, with the government intending that these will initially include development plan documents (DPDs), neighbourhood plans and the new brownfield registers that local authorities will be obliged to compile. The order will also set out what type and scope of development will be granted PPIP, although the government says PPIP will initially be limited to housing sites. The mechanism will apply to site allocations in future plans, but will not apply retrospectively.</p>
<p>Local brownfield land registers</p>	<p>Councils will be required to compile a register of local brownfield land suitable for housing development, and to keep it up-to-date. The secretary of state will be able to prescribe any criteria that the land must fulfil for entry on to the register.</p> <p>In compiling the register, the local authority will need to have regard to its own development plan as well as considering national policies and guidance. So, for example, if a piece of brownfield land has been designated for employment use in the local plan, the council will not have to enter it on to the register as a site that is suitable for housing.</p> <p>Councils may also have discretion to exclude certain sites from the register, such as land that already has permission for housing. There will be scope, in exceptional cases such as especially controversial schemes, for authorities to use the conventional planning application route rather than a PPIP granted by the brownfield register.</p>
<p>Neighbourhood planning</p>	<p>As with local planning, the bill enhances the role of the secretary of state in neighbourhood planning, paving the way for a range of new powers.</p> <p>In relation to applications to delineate a neighbourhood area, the secretary of state will be able to order local authorities to designate the entire area applied for if the application fulfils certain criteria or has not been determined within a prescribed period, subject to specific exceptions. This is an alteration to existing law, under which local authorities only have to designate "at least some of the area applied for", and will enable subsequent regulations to introduce automatic designations for neighbourhood area applications in certain circumstances.</p>

	<p>The communities' secretary will also be able to set time limits for local authorities to decide whether to hold a neighbourhood plan referendum, and to set a date by which a local authority must make a neighbourhood plan that has been approved at referendum, except where the council thinks this would breach international obligations or rights. Currently, local authorities only have to do this "as soon as reasonably practicable after the referendum is held".</p> <p>Where requested by the relevant parish council or neighbourhood forum, the communities secretary will be able to intervene in a local planning authority's decision as to whether to stage a referendum on a neighbourhood plan proposal in certain circumstances - such as when an authority has failed, by a specified date, to decide whether to hold one - or where it does not follow the recommendations that have been made by the independent examiner.</p>
Assessment of housing needs revised	<p>The bill removes the duty on local authorities to assess the accommodation needs of Gypsies and travellers in their area as a distinct category. Instead, it instructs local authorities to consider the needs of all people residing in or resorting to their area regardless of status (nb: the accommodation needs for gypsies and travellers is still required as part of Strategic Housing Market Assessments).</p>

Following on from the Housing and Planning Bill, the Department of Communities and Local Government have already begun a number of consultations on proposed changes to the National Planning Policy Framework, the National Planning Practice Guidance and on Planning Reform as follows:

- Consultation on proposed changes to national planning policy covering the following areas (as far as this consultation relates to Local Plans):
 - Affordable housing
 - Increasing residential density around commuter hubs
 - Supporting new settlements
 - Supporting housing development on brownfield land and small sites
 - Ensuring housing is delivered on land allocated in plans
 - Supporting delivery of starter homes
 - Unviable and underused commercial and employment land
 - Encouraging starter homes within mixed use commercial developments
 - Encouraging starter homes in rural areas
 - Enabling communities to identify opportunities for starter homes
 - Brownfield land in the Green Belt (easing the restrictions regarding visual amenity and openness)
 - Transitional arrangements

- Technical consultation on implementation of planning changes covering the following areas (as far as this consultation relates to Local Plans):
 - Permission in principle
 - Brownfield registers
 - Small sites registers
 - Neighbourhood planning
 - Local plans

With regard to Local Plans the consultation sets out the criteria which will be used by the Secretary of State to determine whether an intervention will be made in relation to plan making as follows:

- there is under delivery of housing in areas of high housing pressure;
- the least progress in plan-making has been made;
- plans have not been kept up-to-date;
- intervention will have the greatest impact in accelerating local plan production

The consultation also confirms that some additional secondary factors will be taken into account as follows:

- regard to how authorities are working cooperatively to get plans in place, including progress that has been made in devolution deal areas
 - the potential impact that not having a local plan has on neighbourhood planning activity
- Consultation on potential changes to the financial settlements of New Homes Bonus to local authorities who fail to have an up-to-date Local Plan in place as follows:
 - Under plans being consulted on by the Department for Communities and Local Government, future payments would be withheld from councils that have not submitted a local plan for examination
 - Councils could lose some of their New Homes Bonus payments if they fail to keep local plans up to date. The government believes most local plans are likely to need updating every five years - councils could lose a fixed percentage of their payments if plans become out of date. In an article published in the national planning press last week it was estimated that this could amount to **£1.48 million pounds for the 2017/18 financial year** - Appendix 2 refers.
 - The Department of Communities and Local Government has also published its Single Department Plan 2015-2020 on 19 February 2016 which contains the following vision:

“Our department has a driving focus to increase housing supply and make it easier for the 86% of people who say they want to own their own home, to achieve that aspiration.

DCLG will enable a shift in power from central to local government, with decentralisation bringing power closer to local communities. We want cities to have more control over transport, housing, skills and healthcare with elected metro mayors. We support local authorities to help create strong local economies and deliver high quality, value for money services.”

The vision is accompanied by four overarching objectives:

1. Driving up housing supply
2. Increasing home ownership
3. Devolving powers and budgets to boost local growth in England
4. Supporting strong communities with excellent public services

As far as this relates to Local Plans, they state under objective 1, that they will:-

- ensure Local Plans are prepared in each area and take action where there is a significant shortfall between the homes provided for in these plans and the houses being built
- provide funding for affordable housing and Starter Homes on brownfield land
- support locally-led garden cities and towns
- require local authorities to hold a register of available brownfield land
- create a Brownfield Fund to unlock homes on brownfield land
- consult on reforms to the New Homes Bonus, including means of sharpening the incentive to reward communities for additional homes
- increase the number of custom-built and self-built homes
- introduce Right to Build, requiring councils to allocate land to local people to build or commission their own home
- support for small and custom builders
- encourage and facilitate a diverse range of providers in the market

3. Implications for the Council

In order to understand the potential implications for the council's Local Plan a table has been attached to the this report as an appendix. This sets out each of the main provisions of the Housing and Planning Bill together with the relevant elements of the detailed consultations set out above and sets out a summary of the issues and risks.

Failure to progress the Local Plan has a wide range of other risks for the council on the short, medium and long term but this report is focussed on the implications of the Housing and Planning Bill, rather than wider corporate, legal, planning, financial, environmental and economic implications associated with spatial planning generally.

4. Consultees and their opinions

Preparing a statutory development plan includes consultation with many stakeholders including statutory bodies and organisations, the general public, landowners/developers, adjoining local authorities and internal council service

areas. Views on the implications of the Housing and Planning Bill/other DCLG consultations on the Kirklees Local Plan from consultees have not been sought at this stage. The Leeds City Region LEP has submitted a collective authority position statement on the proposed changes to the National Planning Policy Framework.

5. Next steps

Officers will continue to monitor and assess the potential implications of the Housing and Planning Bill as it progresses towards Royal Assent and aim to ensure that robust and credible evidence is in place to ensure the Local Plan meets national planning policy and practice guidance and other planning regulations which might affect the content of the plan.

6. Officer recommendations and reasons

Unless Cabinet advises to the contrary it is recommended that the council aims to have an adopted statutory development plan in place as soon as possible and that existing project management and timetable arrangements set out in the current Local Development Scheme continue as far as is reasonable and practicable within current resources.

7. Cabinet portfolio holder recommendation

None at this stage

8. Contact officer and relevant papers

Richard Hollinson – Policy Group Leader, Planning Services

Background Papers:

Local Development Scheme (<https://www.kirklees.gov.uk/beta/planning-policy/pdf/local-development-scheme.pdf>)

Housing and Planning Bill
(http://www.publications.parliament.uk/pa/bills/cbill/2015-2016/0075/cbill_2015-20160075_en_2.htm)

Consultation on proposed changes to national planning policy
(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488276/151207_Consultation_document.pdf)

Technical Consultation on implementation of Planning Changes
(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/501239/Planning_consultation.pdf)

New Homes Bonus: Sharpening the Incentive
(<https://www.gov.uk/government/consultations/new-homes-bonus-sharpening-the-incentive-technical-consultation>)

9. Assistant Director responsible

Paul Kemp
Assistant Director - Place

Appendix 1					
Risk	Risk Type	Impact L/M/H	Probability L/M/H	Risks and Mitigating Actions	Red/Amber/Green
Secretary of State Powers to intervene in Local Plans and Plan Making	Political/Legal	H	M	<p>Risks</p> <ul style="list-style-type: none"> • Failure to submit Local Plan to Secretary of State by early 2017 could result in Secretary of State direction to intervene in local plan making taking local decision making away and reducing local and political influence. • Secretary of State may be able to 'correct' any perceived failings in the Local Plan and direct the council to 'adopt' a different version of a Local Plan if sufficient and timely progress is not made with the Local Plan. • Uncertainty in timeline for delivery of Local Plan due to legislation/ governance/ resources of combined authority to deliver, and consequences of when would key sites could come forward. 	AMBER/RED (depending on Local Plan progress)

				<p>Mitigating Actions</p> <ul style="list-style-type: none"> • Ensure Local Plan is submitted or has reached a very advanced stage by early 2017. 	
Proposed changes to planning obligations and definition of affordable housing and Starter Homes	Political/Legal/Social	H	H	<p>Risks</p> <ul style="list-style-type: none"> • Impact on council’s ability to deliver affordable housing for rent. • Starter homes (which may meet the definition of ‘affordable housing’ are too expensive to address Kirklees’ affordability needs. • Starter Homes will be exempt from CIL and therefore infrastructure funding implications. <p>Mitigating Actions</p> <ul style="list-style-type: none"> • Ensure the council’s Strategic Housing Market Assessment is robust and credible. • Ensure Local Plan is submitted or has reached a very advanced stage by early 2017 supported by clear evidence on affordable housing needs. 	AMBER/RED (depending on Local Plan progress)
New default plan-making powers for the	Political/Legal	H	L	<p>Risks</p> <ul style="list-style-type: none"> • The Mayor or combined authority 	AMBER/RED (depending on Local

<p>Mayor of London and combined authorities</p>				<p>would then be responsible for preparing the document and having it examined. They may then approve the document or direct the respective LPA to consider adopting it.</p> <ul style="list-style-type: none"> • Uncertainty in timeline for delivery of Local Plan due to legislation/ governance/ resources of combined authority to deliver, and consequences of when would key sites could come forward. <p>Mitigating Actions</p> <ul style="list-style-type: none"> • Ensure Local Plan is submitted or has reached a very advanced stage by early 2017 to avoid any additional risks regarding devolution and loss of local control. 	<p>Plan progress and devolution deals)</p>
<p>Potential changes to the financial settlements of New Homes Bonus to local authorities who fail to have an up-to-date Local Plan in place.</p>	<p>Financial</p>	<p>H</p>	<p>H</p>	<p>Risks</p> <ul style="list-style-type: none"> • Failure to submit the Local Plan in early 2017 could result in the withholding of New Homes Bonus payments to the council. • Failure to keep the Local Plan up-to-date thereafter could lead to reductions in New Homes 	<p>AMBER/RED (depending on Local Plan progress)</p>

				<p>Bonus payments.</p> <ul style="list-style-type: none"> • Implications for the North Kirklees Growth Zone funding stream. <p>Mitigating Actions</p> <ul style="list-style-type: none"> • Ensure Local Plan is submitted or has reached a very advanced stage by early 2017 	
Local brownfield land registers (with sites subsequently achieving permission in principle status)	Political/Legal/Environmental	M	H	<p>Risks</p> <ul style="list-style-type: none"> • Sites for inclusion on a local brownfield register would be based on SHLAA only rather than an approved development plan if the Local Plan is not adopted or not reached an advanced stage. This has the effect of granting permission in principle for sites outside of the development plan (potentially including draft rejected site options). • Wider consideration of impacts in principle of developments taken away from the council, such as wider infrastructure issues as permission would be granted in principle without recourse to up-to-date development plan 	AMBER/RED (depending on Local Plan progress)

				<p>policies.</p> <p>Mitigating Actions Ensure Local Plan is submitted or has reached a very advanced stage by early 2017.</p>	
<p>Planning permission in principle (PPIP) through qualifying documents</p>	<p>Political/Legal/Social</p>	<p>M</p>	<p>H</p>	<p>Risks</p> <ul style="list-style-type: none"> Sites allocated in an adopted plan would be given permission in principle. <p>Mitigating Actions</p> <ul style="list-style-type: none"> Ensure Local Plan is submitted or has reached a very advanced stage by early 2017 and that robust and credible evidence to support the accepted allocations. 	<p>AMBER</p>
<p>Increasing residential density around commuter hubs</p>	<p>Environmental/Social</p>	<p>M</p>	<p>H</p>	<p>Risks</p> <ul style="list-style-type: none"> Medium risk and potentially helpful policy proposal which would allow the Local Plan to assume increased residential densities in locations considered to have greater 'accessibility' to help meet the Local Plan housing requirement. Increased densities need to be carefully balanced against infrastructure provision and other 	<p>GREEN (Local Plan review and evidence base already considering this issue)</p>

				<p>cumulative impacts.</p> <p>Mitigating Actions</p> <ul style="list-style-type: none"> • Ensure Local Plan is submitted or has reached a very advanced stage by early 2017 and that robust and credible evidence regarding accessibility, residential densities and cumulative impacts is in place. 	
Unviable and underused commercial and employment	Environmental/Social	M	H	<p>Risks</p> <ul style="list-style-type: none"> • Medium risk and potentially helpful policy proposal which encourages the Local Plan process to consider whether any older employment land has the potential for brownfield residential development reducing <u>some</u> of the loss of green belt. • Increased urban concentration needs to be carefully balanced against infrastructure provision and other cumulative impacts. <p>Mitigating Actions</p> <ul style="list-style-type: none"> • Ensure Local Plan is submitted or has reached a very advanced stage by early 2017 and that robust and credible evidence 	<p>GREEN (Local Plan review and evidence base already considering this issue)</p>

				regarding safeguarding employment land is in place.	
Brownfield land in the Green Belt	Environmental/Social	L	H	<p>Risks</p> <ul style="list-style-type: none"> The easing of some of the visual amenity and openness tests for brownfield sites in the green belt could assist the allocation of these sites in the Local Plan. Care still needed to ensure allocations contribute towards place shaping principles. <p>Mitigating Actions</p> <ul style="list-style-type: none"> Ensure Local Plan is submitted or has reached a very advanced stage by early 2017 so that the development plan provides appropriate safeguards for brownfield sites in the green belt. 	<p>GREEN (Local Plan review and evidence base already considering this issue)</p>
Assessment of housing needs revised	N/A	L	H	<p>Risks</p> <ul style="list-style-type: none"> There is a small risk that it is perceived the accommodation needs for gypsies and travellers are not part of the Local Plan process. <p>Mitigating Actions</p> <ul style="list-style-type: none"> Ensure Local Plan is submitted or has reached a very advanced 	<p>GREEN (Local Plan review and evidence base already considering this issue)</p>

				stage by early 2017 based on relatively low level of needs and ensure that the Strategic Housing Market Assessment includes this information.	
Neighbourhood planning	Political/Legal/Social	L	L	<p>Risks</p> <ul style="list-style-type: none"> • Potential risk for Secretary of State intervention in the timing of local referendums or in the setting of neighbourhood plan area boundaries. <p>Mitigating Actions</p> <ul style="list-style-type: none"> • Effective project management and liaison between council officers and neighbourhood planning groups, subject to staffing resources. 	GREEN (Neighbourhood Planning processes currently being reported to Cabinet)

Appendix 2

The councils without local plans that could lose millions in New Homes Bonus payouts

12 February 2016 by Mark Wilding , [1 comment](#)

A government proposal to withhold a financial reward for increasing housing numbers from councils that fail to produce a local plan by next year has caused alarm among some authorities, reports **Mark Wilding**.



New homes: bonus scheme under review

Speed Read

- The New Homes Bonus, paid to local authorities for boosting housing numbers, is worth millions of pounds a year to some councils
- But under government proposals, it could be withheld from councils that fail to submit a local plan by 2017/18. Other options could see it reduced or targeted at councils most in need
- This follows a study that suggested the bonus is not as effective as ministers had hoped
- While most councils will have submitted a plan by the deadline, those that are unable to do so face significant holes in their budget

The New Homes Bonus is a reward given to local authorities for increasing the number of dwellings in their areas through new build, conversion and bringing empty homes back into use. Salford City Council has been one of the biggest beneficiaries.

In the past five years, the Greater Manchester authority has granted permission for more than

17,800 homes, and last year it received a bonus payment of nearly £9.3m. Derek Antrobus, the council's executive lead member for strategic planning, says: "I've never known the planning committee so busy. We're getting big applications in at virtually every meeting. We've given permission for something like 12,000 homes in Salford which haven't yet been built."

But if proposed changes to the New Homes Bonus become reality, Salford's stream of reward money will suddenly dry up. Since 2011, councils have received annual rewards based on the amount of council tax revenue raised from new or reoccupied dwellings. Under the scheme, the government matches the council tax earned by local authorities from each new home built, converted or brought back into use.

The matching payments continue for six years after the first council tax payment is received from each dwelling. But amendments being considered from 2017 would see future payments withheld from councils that have not submitted a local plan for examination - a position the city council finds itself in. According to Planning's analysis of the data, the council risks losing around £1.8 million that would be due in 2017/18.

Antrobus says: "We're in a perverse situation whereby the authority which is doing precisely what the government wants us to do and building more homes is the one that is subject to the greatest penalty. It's absolutely bonkers."

The proposed changes were published in mid-December by the Department for Communities and Local Government as part of a consultation document entitled New Homes Bonus: sharpening the incentive. The document sets out plans to reduce the overall cost of the scheme and "consider how the incentive element of the bonus could be further tightened". It says the government's "preferred option is that from 2017-18 onwards", councils that have failed to submit their local plans for examination would have bonus payments withheld until the documents reach that stage. The idea is one of several proposals, including limiting bonus payments for permissions granted on appeal and reducing the number of years for which the bonus is paid (see panel, below).

The plans have been welcomed by the Home Builders Federation. Planning director Andrew Whitaker does not expect many councils to be affected by the local plan penalty. But he says the threat of withdrawing bonus payments was aimed at council members and senior management, making them more likely to give due weight to planning decisions, such as keeping local plans updated. "I think that if they threaten income for a local authority, words will be said at a very high level to ensure that decisions are not taken on a whim," he says.

A government-funded study of the New Homes Bonus published in December 2014 may offer an insight into the motivation for the changes. It revealed that only around 40 per cent of planning officers believed the bonus had increased support for new homes among officers and elected members; when they were asked whether it had boosted support among the "wider community", this figure fell to ten per cent.

Dr Aidan While, a senior lecturer in urban studies and planning at the University of Sheffield, was one of the investigators who worked on the study. He fears that reducing the money available for the scheme will dilute its effectiveness. "That's the essential tension - that you want the incentive to work but you put in less resource," he says. In While's view, most authorities already have incentives to produce local plans that are more powerful than the fear

of losing the bonus. "There are plenty of other important reasons why local authorities would want to do local plans. The political fallout from not having a local plan and struggling to retain control over housing proposals - that's huge."

Several authorities that spoke to Planning agree that withholding the bonus would not have a major impact on local plan production or housing provision; nor has it been a major incentive to deliver new homes, they say. Antrobus says: "We look at planning applications on the merits of the application alone. But the bonus has made the wider council aware of the importance of planning and ensured we have the resources to deliver a good service to developers so we can work proactively with them."

The extent to which the bonus has helped deliver housing may be open to question, but the impact of payments under the scheme is not. Many authorities receive millions of pounds a year and have come to rely on the payments to balance the books, according to Steve Ingram, junior vice-president at the Planning Officers Society. Ingram believes the loss could be significant. "Authorities with budget pressures have already banked on it," he says.

Mark Sitch, senior partner at consultancy Barton Willmore, points to possible unintended consequences. "You would like to think it would incentivise local authorities to produce and submit a plan," he says. "Clearly, that's the government's aim. But in practice, it could well take resources away from local authorities and have the opposite effect." Sitch suggests a more nuanced approach for councils struggling with local plans: "Actually, it's probably assistance and input from the Planning Inspectorate (PINS) that they need."

In practice, the number of local authorities facing withheld payments is limited. To date, according to figures from PINS, 78 per cent of councils have submitted a local plan for examination and many more are likely to do so by 2017. Authorities including Coventry and Sunderland say their timetables for publication mean they are unworried by the threat of withheld payments. But in other areas, it will go down to the wire.

Carol Paternoster is cabinet member for growth strategy at Aylesbury Vale District Council. She says the council is unable to submit a plan until neighbouring authorities provide housing data. The current timetable would see a plan published at the end of this year, but any delays would mean the loss of more than £1 million in bonus payments. "We're very concerned," says Paternoster. "It would be a big loss."

Antrobus describes a similar situation in Salford. The council is working with other Greater Manchester authorities on an evidence base for the area's housing need; this must be completed before Salford can submit its local plan. "We might have to consider taking our core strategy off the shelf and just pushing that through for approval," says Antrobus. Submitting a plan based on old data "won't be ideal", he admits, but it's better than a multimillion pound hole in the council's budget: "There's no way we could put ourselves in that situation."

Five proposed changes to the Bonus

1 The number of years for which the New Homes Bonus is paid could be reduced.

Currently, each year's allocation under the bonus is paid for the next six years. The government is consulting on whether this should be reduced to four years, or potentially even two or three.

2 Payments for homes approved via planning appeals could be cut by 50 per cent under the proposed changes. Councils currently receive the same reward for houses built after appeal as those granted permission in the first instance.

3 Councils could lose some of their New Homes Bonus payments if they fail to keep local plans up to date. The government believes most local plans are likely to need updating every five years - councils could lose a fixed percentage of their payments if plans become out of date.

4 The government wants to focus the bonus on housing that might not have been built without an incentive. Plans to remove "deadweight" from bonus calculations could see payments limited to development levels above a national baseline for housing growth.

5 Protection could be offered to local authorities that may be "particularly adversely affected" by the proposed changes. The government says while some councils may be unwilling to support housing growth, others will be affected by factors beyond their control.

Correction: The table below was updated at midday on Wednesday, February 17. Derby City Council was wrongly initially included - in fact, it submitted its local plan in December and has been removed from the table. Coventry City Council also published its draft plan in January so the table has been amended to reflect this.

The councils without local plans that could lose millions in New Homes Bonus payouts

Authorities that are yet to submit a local plan, ranked in order of expected New Homes Bonus payment in 2017-18



Source: Department for Communities and Local Government