

**SOUTH EAST ENGLAND
REGIONAL HOUSING BOARD**

Date: 16 January 2006

Subject: **Private Sector Funding 2007-08 - Review and Funding
Options**

Report of: Regional Housing Board Project Team

Recommendations:

That the Regional Housing Board:

1. Sticks with the initially submitted allocation recommendations, with a pro-rata reduction as a result of the cut in the overall funds available and
2. In submitting its recommendations, registers concerns about the reduction in resources and disappointment at the time taken to finalise these allocations.

Purpose of Report:

To agree the recommendations on 2007-08 allocations to local authorities for private sector renewal.

Key Issues:

The paper:

- Sets out the basis for the recommendations already submitted.
- Proposes a simple scaling back of the initial recommendations.
- Looks at issues which might be raised when the recommendations are submitted.

1. Background

- 1.1 Regional Housing Boards (RHBs) submitted recommendation on the allocation of Regional Housing Pot (RHP) funding for both 2006-07 and 2007-08 in the summer of 2005. The initial expectation had been that allocations for both years would be made together in late 2005/early 2006. This was in line with the general approach to provide more longer-term certainty over funding which allows better programme management and can help improve efficiency and value for money.
- 1.2 In the event, because of uncertainties about pressures on Communities and Local Government's budgets, allocations to local authorities were only made for the first year.
- 1.3 We were advised, in a letter from Communities and Local Government dated 24 November 2006, that decisions had now been taken on overall funds for private sector renewal for 2007-08. The South East RHB recommended an annual budget for this from within the RHP of £20 million. This has been reduced to £18.4 million, an 8% reduction.
- 1.4 The letter asks RHBs to resubmit recommendations, accompanied by information on expected outcomes/outputs, by 1 February.

2. Allocation Recommendations

- 2.1 The allocations originally submitted for private sector renewal for 2007-8 (which were the same as for 2006-07) targeted the recommended funding of £20 million on 22 local authority areas to maximise its impact. The areas were identified, in the absence of any better robust information on the need for decent homes and other work in the private sector across the region, on the basis of the amounts of unfit private sector housing. Allocations were recommended for authorities with more than 2,000 such dwellings or where unfit dwellings accounted for 7% or more of the private sector stock. The recommendations targeted a greater share of the resources to the 10 authorities with the highest numbers of unfit dwellings.
- 2.2 Although the initial recommendations for 2007-08 were not confirmed, there will clearly be an expectation that the allocations will be in line with these recommendations. Authorities know that the 2007-08 budget has been affected by uncertainties about the overall budget but nothing has been said by this Board or the Department for Communities and Local Government to suggest that the basic approach should be changed. We, therefore, recommend sticking with the basic approach that underpinned the initial recommendations, with the allocations for all authorities being reduced on a pro-rata basis.
- 2.3 Since the initial recommendations were made a major research project has been undertaken for the Board on the scale and spread of the need for private sector renewal and the action being taken to tackle this. This is providing the basis for a range of activity feeding into the Regional Housing Strategy refresh and work on allocation recommendations for 2008-11.

- 2.4 On the basis of this research and the Board's concerns about improving the effectiveness of action on private sector renewal, alternatives to the current approach are being looked at. The main thrust of this work is looking at ways in which the RHP funding can drive efficiency improvements through promoting cross-local authority partnership working, better integration with other related activity (particularly on energy efficiency, eg WarmFront) and greater use loans rather than grants.
- 2.5 This will, generally, require quite a lot of preparatory work on the part of local authorities and their partners. We do not see any realistic way in which this can be pursued in relation to 2007/08 allocations and to do so might undermine efforts to work up robust arrangements for 2008-11.
- 2.6 The request from DCLG for information on outcomes/outputs is not straight forward for us. While some regions make allocations in response to specific proposals, as we may do in future, our recommendations provide funding to support authorities' overall private sector decent homes and renewal programmes. These cover a range of different activities. We are doing some analysis of their 2006/07 programmes to inform the response and will feed back on this at the Board meeting.
- 2.7 It is open to the Board to be more specific about the use of 2007/08 resources. However, there are practical issues about both identifying what should be prioritised and the impact on authorities given the likely lead times involved in shifting the focus of their private sector renewal activities. There is no realistic prospect of doing much on this before the 1 February deadline. We think it would, again, be better to address this properly as part of the wider changes for 2008-11.

3. Feedback to Communities and Local Government

- 3.1 While it will be no surprise to Communities and Local Government, the Board might want to register concern about the reduction in funding. Action to improve the condition of the existing housing stock is a key issue in relation to delivering commitments on energy efficiency/climate change and the cut doesn't sit well with increasing emphasis being given to this agenda. There are also significant links with health and independent living issues for older people.
- 3.2 The submission might also pick on the point about the lateness of the decision on these allocations. Housing allocations to local authorities were traditionally announced in December alongside the main local government settlement. The allocations for private sector housing for both 2006-07 and 2007-08 will both come out significantly later than this at a time when central government is offering more long-term certainty on some other allocations. There has been a clear message from local authorities in the region over the last year that the late announcements have a real impact on their ability to plan their programmes and on effectiveness and value for money.

Chris Woolf
Regional Housing Board Project Team

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Contact: Chris Woolf, Regional Housing Board Project Team
T: 01483 882924
E: chris.woolf@gose.gsi.gov.uk