

**SOUTH EAST ENGLAND
REGIONAL HOUSING BOARD**

Date: 3 September 2008

Subject: Review of Private Sector Renewal Programme 2006-08

Report of: Private Sector Renewal Lead Officer
Government Office for the South East

Recommendations:

It is recommended that the Regional Housing Board:

- i. Notes the contents of the summary report
- ii. Instructs the Project Team to take forward the actions in Section 9.

1. Purpose of the Report

- 1.1 To report on the activity, expenditure and outcomes of the Private Sector Renewal programme introduced by the Board in the “Regional Housing Strategy from 2006”.

2. Introduction

- 2.1 Capital funding is available from Government to assist local authorities in their work on improving the standard of private sector (owner occupied and private rented) housing. In recent years this has been driven by the Decent Homes standard and PSA7; in each local authority area 70% of vulnerable households should be in decent accommodation by 2010, rising to 75% by 2015. This paper reports on the programme of activity, funded through the Regional Housing Pot on the advice of the Regional Housing Board, during the Comprehensive Spending Review period 2006-8.
- 2.2 In the Regional Housing Strategy (published June 2005) the Regional Housing Board elected to concentrate the resources available to the region on the areas with the greatest stock condition problems. £20 million per annum was allocated to support the work for 2006-8. The amount was trimmed to £18.395m in 2007-8 in response to Government budgetary balancing.
- 2.3 Using Government statistics compiled from local authority reporting the twenty two local authorities with the highest number (all over 2000 units) and greatest percentage (all over 7%) of non-Decent private homes were identified.
- 2.4 Funding was allocated using a formula that recognised the scale of the issue faced within the group of twenty two. The first capital grant was paid to authorities in April 2006; all the authorities received a significant increase on the amount of funding previously available for this work.

3. Programme Objectives

- 3.1 The Regional Housing Strategy provided basic guidance on the use of the funding, stating,

“Funding should be targeted at vulnerable households including families with children. We will expect these local authorities to agree private sector renewal action plans (which focus on both owner occupiers and private sector landlords) and future funding will depend on evidence that the funding has been used to secure real improvements in private sector stock. We would expect authorities to offer a flexible range of grants, loans and other help to bring housing back into habitable condition.” (RHS 2006 p.79)

- 3.2 There were no other objectives, targets or requirements. Prompting authorities to consider local solutions to locally-identified priority issues, within the national PSA7 objective, provided for the first time some

significant freedom in the design of programmes. Draft delivery plan details for 2006-8 were received from local authorities in July 2006.

4. Monitoring

- 4.1 Programmes reported on delivery at the end of the first financial year, the resulting summary report was presented to the Board at its meeting in December 2007. Local authorities had spent or committed to spend 78% of the first year's funding, with the remainder carrying forward into year two.
- 4.2 The current report reviews the total spending and activity across both years together.

5. Outcomes

- 5.1 Local authorities report 17, 429 homes have been improved by the programme. The range of activities was understandably broad – no fewer than twenty eight different categories of assistance were offered across the region.
- 5.2 These ranged from minor repairs costing less than £50 to major structural repair (£50,000) and purchase of property to add to housing association stock (£200,000).
- 5.3 Those activities that produced spend about a million pounds or more are shown below.

Measure	Regional Expenditure £
Owner occupier Decent Homes spend (non energy)*	8,396,527
Boiler / central heating spend	4,902,895
Minor Works spend incl. HHSRS** falls, fire safety	3,867,650
Empty Homes spend	2,103,924
HMO*** Decent Homes spend (non energy)	1,793,179
Warm Front Top- Up spend incl. Coldbusters	1,266,023
Renovations / renewal spend	1,159,724

Disabled Facilities Grant spend	937,046
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* mainly new kitchens / bathrooms for elderly or vulnerable households

** HHSRS: Housing Health and Safety Rating System

*** HMO: House in Multiple Occupation

6. Noteworthy Programme Elements

6.1 While not exhaustive these highlights note achievements in specific areas of work, either for the number of measures delivered or the significance of the expenditure in light of the local or regional total.

- Eastbourne offered the broadest programme, with twenty two separate services supported by its £1.3 million;
- Brighton & Hove delivered 672 boilers/central heating systems (£1.875m), 1,113 handyperson minor works (£95,000) and spent £187,000 on 58 solar water heating installations;
- Remedial work on HHSRS Category I hazards accounted for a high volume of activity;
- Reigate and Banstead delivered 797 improvements for falls and home security (£132,000);
- Slough delivered 1,729 homes safety/security improvements (£265,000) and spent £304,000 on 19 renovations;
- Hastings delivered 1,359 home security measures (£70,000) and returned 261 empty properties to use, 61% all the empty homes returned to use over the two years;
- Southampton spent £1.486m on Category I hazards and developed a bespoke loan facility
- Medway spent £240,000 on 51 renovations and area-based renewals;
- Portsmouth dedicated £2.9m to 315 Decent Homes measures, such as kitchens and bathrooms;
- Oxford insulated 953 lofts (£285,000) and 626 cavity walls (£190,000);
- Thanet assisted 213 households with Warmfront top-ups to ensure they received a full solution to their thermal comfort needs (£607,000);
- Shepway brought 87 empty properties back into use, 20% of the regional total (£273,000).

7. Expenditure

7.1 The table below shows the funding allocations and actual expenditure over the two years, with the percentage spent.

South East Regional Housing Pot Private Sector Renewal					
Funding	2006-7	2007-8	Total	2006-8 spend	%
Brighton & Hove	3,507,000	3,227,000	6,734,000	5,843,806	87
Cherwell	222,000	204,000	4,260,000	238,118	56
Dover	1,808,000	1,664,000	3,472,000	874,738	25
Eastbourne	1,025,000	943,000	1,968,000	1,316,882	67
Gosport	209,000	197,000	406,000	254,000	63
Gravesham	222,000	204,000	426,000	403,086	95
Hastings	1,454,000	1,338,000	2,792,000	2,521,000	90
Lewes	237,000	218,000	455,000	433,000	95
Medway	281,000	258,000	539,000	539,000	100
Oxford	248,000	228,000	476,000	476,000	100
Portsmouth	2,200,000	2,024,000	4,224,000	4,224,900	100
Reading	251,000	231,000	482,000	364,135	76
Reigate and Banstead	265,000	244,000	509,000	509,127	100
Rother	215,000	197,000	412,000	172,000	42
Sevenoaks	211,000	194,000	405,000	225,662	56
Shepway	1,628,000	1,498,000	3,126,000	1,927,000	62
Slough	954,000	878,000	1,832,000	1,077,457	59
Southampton	1,788,000	1,645,000	3,433,000	2,165,000	63
Swale	1,203,000	1,107,000	2,310,000	962,095	42
Thanet	1,581,000	1,455,000	3,036,000	2,416,672	80
Tonbridge & Malling	262,000	241,000	503,000	462,673	92
West Berkshire	218,000	200,000	418,000	297,622	71
Total	19,989,000	18,395,000	38,384,000	27,703,973	72

7.2 The position at 31st March 2008 shows a combined under-spend of over £10million. However, delivery is not constrained by calendar intervals and detailed descriptions of expenditure, committed to specific cases and activity taking place in the current year, have been received from most of the authorities. This expenditure totals slightly over £8.6m. Taken in overview total activity to the value of £36.3 million took place in or as a result of the programme period, against the resource of almost £38.4million available; an overall expenditure performance of 94%.

7.3 The remainder has been carried into the current year by local authorities to support renewal activity alongside or as part of the new partnership-based programmes.

7.4 Reporting indicates that about 20% of expenditure was made through loans, with 80% delivered as grants.

8. Assessment and Conclusion

- 8.1 The delivery performance of the local authorities varies in consistency and, leaving aside substantial commitments in the current year, a small number showed disappointing results in the two year period.
- 8.2 Enquiries suggest this is primarily owing to the very short notice of the funding awards (little over a month) and the time required to establish new projects. The complexity of legal and contractual issues, and procurement and employment processes, caused many programmes to commence delivery significantly later than April 2006. As a result, at the end of year one a large proportion of the reported spend was committed to future delivery rather than from actual delivery.
- 8.3 Local authorities were encouraged at that point to accelerate delivery and expenditure to ensure the programme was fully spent by the end of the second year. While this improved in year two the impact of the time lag was never entirely overcome.
- 8.4 There were also reports of capacity constraints caused by revenue resource (salaries) not being available to service the considerable capital programmes.
- 8.5 Resistance to loan products offered in place of grants was noted as impacting on delivery.
- 8.6 The significant differences between the 2006-8 programme and the current partnership-based programme for 2008-11 were described in the report presented to the Board at its June meeting. However there is a link between the two funding regimes, as all the former recipients are participating in the current programme as members of nine sub-regional partnerships.
- 8.7 The Board's interest in the sharing of the effective practice in evidence in some localities, and in improvements to delivery desirable in some others, is the basis of proposed activities to build on the lessons of the 2006-8 programme. The next steps below seek to support an uplift in regional standards to match those of the most effective performers.

9. Next Steps

- 9.1 It is proposed that the project team looks into how the Board can support partnerships to ensure objectives are met. Local authorities should be able to share lessons learned and effective practice, and authorities with delivery greater challenges should receive opportunities to make substantial improvements to performance. Four suggested steps are:
- 9.2 The project team will develop a peer review and mentoring process for those most effective authorities to assist less effective authorities in order to raise the overall quality of the programme across the region.
- 9.3 The project team will look into how those authorities developing loans products might be networked and supported. Preliminary discussions have

taken place with one organisation with considerable experience in this field and early suggestions include a healthcheck for each scheme supported with half a day consultancy to offer advice to address any delivery and take up issues. This could result in a report to the Board on how the RHB supported loan schemes are progressing and identify future actions. Funding will be needed to support this activity.

- 9.4 The project team will bring together the nine partnership lead officers before Christmas to hear about the first two quarters of delivery and review the half year monitoring reports, due in October.
- 9.5 The project team, on behalf of the Board, will arrange a workshop for all partnership lead authorities to discuss problems and solutions, sharing effective practice - drawing on performance to date - with a view to maximising performance as the next financial year begins. This could be planned for January 2009.
- 9.6 The Board will be aware of the current research, delivered by SEEDA and the Government Office with CSE, into regional approaches to retrofitting, carbon reduction and fuel poverty. This study is designed to enable a broader, more robust approach to take place within public institutional mainstream funding streams, drawing expertise from and complementing the Board's regional programme.

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