

**SOUTH EAST ENGLAND
REGIONAL HOUSING BOARD**

Date: 5 December 2007

Subject: **Private Sector Renewal - Funding Allocation 2008-11**

Report of: Housing Policy Manager
Government Office for the South East

Recommendations:

It is recommended that the Regional Housing Board:

1. Approves the programme of bids and recommends it to Ministers.
2. Approves the payment arrangements to local authorities as set out in paragraphs 4.3 to 4.5 of this report.
3. Approves the use of half year progress reports described in the bid prospectus as a verification tool for the distribution of funds.

Purpose of Report:

To report on progress of the bidding round for private sector renewal funding, the assessment process and to seek the Board's endorsement for the proposed allocation of funding.

Key Issues:

- Local authority bids showed a very positive response to the opportunity to bid for funding, exceeding the anticipated level of funding allocation.
- Bids were well aligned with the Board's priorities and offer potential for improved and cost effective delivery of improvements to private sector homes.
- The proposed delivery plans and target outputs will ensure clear monitoring and evaluation take place throughout the programme.

1. Background

- 1.1 The Regional Housing Board's bidding round for private sector renewal funding (2008-11) was launched on 29 June 2007 and closed on 14 October 2007.
- 1.2 The Board had indicated its wish to move away from the spatially-specific programme of 2006-8 and enable authorities from all parts of the region to access Government funding in support of private housing improvement. Local authorities were encouraged to work in strategic partnerships to design a programme that seeks to make a step change in delivery of home improvement measures using innovative approaches and loans to increase the impact of funding. The bid guidance ("prospectus") is attached at Annex 1.
- 1.3 Following its consideration on 5 December, the Board's private sector spending recommendations will be communicated to Ministers immediately so that, following formal acceptance of the programme, local authority partnerships can be promptly notified of the outcome.

2. The Assessment Process

- 2.1 Nine bids were received from partnerships comprising 65 of the region's 67 local housing authorities. The two non-bidding authorities (Isle of Wight and Basingstoke & Deane) supplied explanations for their non-participation. A spreadsheet summary of the bids can be found at Annex 3.
- 2.2 The assessment panel consisted of officers from the Assembly, Government Office South East and SEEDA. The Panel was assisted by advisors from the University of Birmingham that had been involved in the Board's research on this issue.¹
- 2.3 The Panel considered all bids individually and then met to agree the recommendations contained in this report. In order to qualify for support bids needed to score a minimum of 8 out of a possible 16 marks when assessed against four key criteria:
 - Need and rationale.
 - Value for money.
 - Delivery plan and track record.
 - Innovation and collaboration.
- 2.4 Given the Board's holistic approach to meeting the challenges of poor condition, poor energy efficiency and fuel poverty, the bid prospectus made it clear that the funding would be assigned to all bids that meet minimum quality thresholds. It was intended this would deliver the fullest, optimal geographical impact.
- 2.5 Partnership bids were considered and are presented in the order in which they were received.

¹ "Addressing the Problems of Poor Housing Conditions in the Private Sector in South East England" 2005

3. Outcome of Assessment

3.1 Each bid achieved the minimum score required. The key features of each bid and panel feedback are set out in Annex 2. All bids are recommended for approval and can be summarised as follows:

Partnership	Bid Value	Comments
SERLALP	£16.00 m	An innovative bid, support carries one condition about marketing
West Sussex	£0.92 m	A practical development bid for a new partnership approach
East Kent	£16.00 m	A strong bid with prospects for beacon effective practice
PUSH SHLP	£8.00 m	A bid that continues the innovative work with SCML
PUSH non SHLP	£9.20 m	An innovative bid that builds partnership and shares expertise
East Surrey	£0.79 m	A practical development bid for a new partnership approach
Brighton E Sussex	£18.53 m	A strong bid with prospects for beacon effective practice
Surrey and Hants	£0.82 m	An innovative well-presented bid
North and West Kent	£9.75m	A strong bid with prospects for partnering beacon practice

3.2 The new approach has successfully met the Board's expectations:

- The bid round process has delivered an impressive set of proposals that encompass (virtually) all the region.
- All bids respond to the priorities and expectations in the Board's prospectus and, for the first time in partnerships, seek to significantly step up delivery.
- The priority of value for money has been effectively addressed in a number of imaginative ways.

- There are a number of innovative projects that the Board will watch with interest.
- Loan initiatives hold a appropriately significant place in the programme designs with clear intentions for effecting behavioural change.

4. Amount of Funding Available

- 4.1 The amount of Regional Funding Allocation resource available to support the programme is unknown at the time of drafting, pending final discussions within Government on the distribution of resources following the Comprehensive Spending Review. It is assumed that the amount indicated by the Board within its spending advice to Ministers will be available. Therefore the nine bids are seeking a share of £80 million over three years. The bids total £97.4 million. Accordingly the starting point for allocation of resource is 82% of each bid.
- 4.2 The Panel discussed the possibility of distributing funding allocations according to the relative strength of each bid. It concluded that this would not be in keeping with the bid prospectus and the minimum quality threshold qualification, and, other than marginal rounding to produce the total funding figure, that it was not appropriate to distribute according to differential value judgements.

5. Financial and Monitoring Considerations

- 5.1 The arrangements described in all the bids represent a step change in the delivery of this work. While building on past experience and success, partnerships, products and ways of working are being attempted for the first time.
- 5.2 In order to manage the increased risk that could be involved the Panel discussed the possibility of managing the programme cashflow on a quarterly basis but concluded that this would be overly resource-intensive and, following advice from CLG, impractical.
- 5.3 A more realistic approach is to use the half year progress report described in the bid prospectus as a verification tool for the distribution of funds. Accordingly, it is recommend that partnerships should receive up to 50% of each year's grant at the start of the year, and up to 50% of the remainder ("the second tranche") at the half year point. Accordingly partnerships will be asked for in-year expenditure profiles prior to the start of the programme in April 2008.
- 5.4 Payment of the second tranche would rely upon profiled programme expenditure for the initial half year being achieved. Unspent and uncommitted funds would be carried by partnerships into Quarter Three. The Board would require a clear business case, and be satisfied that expenditure trajectories will rise, to advance the second tranche in full.

- 5.5 To ensure the region as a whole benefits from the available funding, the Board may wish to exercise a form of market engagement at pre-determined points if the programme is not fulfilling budgetary expectations during the three year period. This would enable redirection of under-utilised resource towards those partnerships that report effective delivery of their financial profile and can demonstrate the evidence for, and ability to use, additional funding.
- 5.6 Annual awards and the three year programme expenditure profile will be known when the annual amounts available through the Regional Funding Allocation are confirmed. At this point partnerships will be asked to supply more detailed expenditure profiles.

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