



Briefing on Regional Housing Pot Distribution (2008-2011) and Private Sector Housing Renewal

This Briefing provides an overview of the way that Government Funding is allocated for housing expenditure and highlights the emerging Regional situation (in November 2007) resulting from the Comprehensive Spending Review financial settlement for 2008-11.

1. Background

- 1.1. The Department for Communities and Local Government (CLG) provides Regional Assemblies with funding for housing provision of all types within their Region. This funding forms the 'Regional Housing Pot'.
- 1.2. National Government sets overarching policy and cross government targets (Public Service Agreements - PSAs) which determine the main priorities for expenditure. It is the job of the Regional Assembly to determine how best to meet regional housing needs within this overall framework of priorities.
- 1.3. In the recent Comprehensive Spending Review (CSR), which set out Government priorities, spending plans and PSAs for 2008-2011, housing featured more highly than it has for some years. The main focus is on building affordable new homes and CLG was awarded an above inflation increase in its overall allocation of funds.
- 1.4. Following on from that national agenda setting, CLG has awarded each Region an amount of money for its Regional Housing Pot for 2008-11. The average increase in allocation to the RHP was 32%. Alongside being informed of their allocation, each Regional Assembly has been set a target for the number of affordable new homes that it should ensure are built over the three years.

2. PSA Targets

- 2.1. The CSR set 30 new PSAs; PSA 20 is the one which is housing specific:

PSA 20: Increase long term housing supply and affordability

The indicators set to measure achievement of this aim are:

- Net homes provided
- Trends in affordability
- Affordable homes delivered
- Households in temporary accommodation
- Efficiency rating of new homes
- Adoption of development plan documents

2.2. This means that the targets set in 2000, and developed in the 2002 CSR, to bring all social rented housing up to the Decent Homes Standard and to increase the proportion of private sector housing in decent condition occupied by vulnerable groups to 70% by 2010, are no longer included in the PSAs or related Performance Indicators.

2.3. A more detailed briefing on PSAs and National Indicators of performance is available from Care & Repair England.

3. The Regional Housing Pot

3.1. In response to being informed of its actual funding allocation for the next three years and the targets for new build, each Regional Assembly has had to review its original housing spending proposals in the light of these factors and put forwards revised spending plans to CLG.

3.2. The process used locally to set budgets and spending plans varies from region to region, but in most places there is some negotiation between the Regional Housing Body, the Government Office for the Region and other key parties.

3.3. The headline figures for the distribution of the Regional Housing Pot between new build affordable housing, social rented decent homes improvements and private sector improvement began to emerge from the Regions in late October.

3.4. It would appear that in many Regions it is being calculated that in order to meet the target set for the number of affordable new homes that should be built, not only will all of the increase in RHP funding be needed, but also some of the money earmarked for private sector and other existing stock improvement.

3.5. Regions are at different stages of negotiation, and also have different practices with regard to how far figures are made public before being finalised, therefore it is not known for definite how this slicing of the budget will look in the end, but a picture has begun to emerge of significant reductions for private sector housing related funding in many Regions.

4. Picture to Date Re: PSHR Allocations

4.1. From the information available it appears that significant reductions in PSHR funding are expected in the South West, East Midlands, West Midlands, Yorkshire and Humberside and North East. There would also have been cuts in the NW if they had revised their budgets in order to meet the target for new build, but it is understood that they affirmed their intentions to apply their original spending distribution plans and which will not result in a significant reduction in PSHR expenditure.

4.2. The South West Region, which received the largest percentage increase in overall funding (50%) appears to be the worst affected with regards to PSHR.

4.3. In their initial proposal for funding distribution the SWRA calculated that to meet their new homes target they would need to cut PSHR funds by more than 50% over the three years.

- 4.4. This reduction was also front-loaded; hence, PSHR funding in the SW would have gone down from c £27m in the current year to £5 in 2008-9.
- 4.5. Following extensive representations the original plans have been modified and the current estimate is a 25% reduction. Negotiations are continuing.

5. Some of the Implications of Reduced Funding for PSHR

- 5.1. More vulnerable people live in private housing than in the social rented sector and the majority of non-decent homes are concentrated in the private sector. People over 75 are the most likely group to live in non-decent private sector and are the main users of health and social care services (*Source: English House Conditions Survey, CLG*).
- 5.2. The connection between poor housing and poor health is a well established one. It has been intensively studied and researched to form the basis of the Government's Housing Health and Safety Rating Scheme.
- 5.3. Consequently, reducing programmes which address poor housing amongst vulnerable people living in non-decent homes potentially impacts on those people's health and well-being. This in turn could affect achievement of a range of other government cross departmental priorities and targets including:

PSA 17: Tackle poverty and promote greater independence and well-being in later life
(indicators for people over 65 include healthy life expectancy, satisfaction with home and neighbourhood and support to live independently)

PSA 18: Promote better health and well-being for all
(indicators include people to live independently in their own homes, to reducing health inequalities and mortality).

- 5.4. One example of the potential impact of reduced funding for private sector housing related improvement is on the ability of home improvement agencies (HIAs) to support older and disabled people to live in their own homes.
- 5.5. The range of help that HIAs can offer vulnerable, low income home owners could be significantly reduced. This could include assistance with home adaptations, fast-track repairs and minor works initiatives to help people leave or stay out of hospital, urgent works grants and the supported equity release programmes for low income households.
- 5.6. PSHR initiatives which are targeting the most deprived areas and the areas of worst housing could be affected, as could Local Authorities' ability to assist disabled people who need home adaptations.

6. National Activity to Highlight these Potential Problems

- 6.1. Care & Repair England raised the matter informally with officers of CLG as soon as the implications of the CSR began to emerge, and also contacted a range of key parties.
- 6.2. The Chartered Institute of Environmental Health called an emergency meeting to discuss the matter and have commissioned an investigation into the financial settlements under

consideration at a Regional level, with a view to joining with other concerned parties to put forward the case for the need for investment in PSHR.

6.3. A Parliamentary Question was put down by David Drew MP for Stroud, answered on 26 Nov 2007:

Mr. Drew:

To ask the Secretary of State for Communities and Local Government what assessment she has made of the potential impact on vulnerable people of the changes to private sector housing renewal funding in the south west; what effect this is likely to have on the decent homes standard; and if she will make a statement. [163936]

Mr. Iain Wright:

No final decisions have been made on funding for private sector housing renewal in the south west. We are currently considering advice from the regional assemblies on funding priorities for their areas.

Through the Comprehensive Spending Review £789 million has been made available in the south west through the regional housing pot over the next three years to fund housing capital programmes including those for private sector renewal. The region's allocation for the period ending 2010-11 is 50 per cent. higher than that for 2007-08. We remain committed to making funding available for private sector decent homes and in seeking the regional assemblies' priorities for funding we have asked them to continue to prioritise those most in need.

7. Recommendations

- 7.1. Any service planner, provider, commissioner, or body concerned with the quality of housing for older, disabled or other disadvantaged people should be monitoring the situation in their own Region and locality.
- 7.2. Where funding reductions and changes in priority are being discussed which would have a detrimental impact on the housing, health and well-being of vulnerable people are being considered, representations to all those responsible for the Regional Housing Pot, and to those who might be able to influence decisions, should be made as a matter of urgency.

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