

# Building for the Future

A programme of housing investment for the  
2007 Comprehensive Spending Review

## Executive Summary

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# **Executive Summary**

1. This submission to the Comprehensive Spending Review 2007 is the contribution of the major representative and campaigning organisations across the housing sector to the national debate about how we should respond to the challenges of the next decade.
2. The role of the housing sector extends far beyond the buildings we build, own and manage. The work we do contributes directly to the creation and maintenance of successful, sustainable neighbourhoods and communities which provide improved quality of life, increased opportunities and improved social mobility for their residents, delivering prosperity to many of the least well off in society. These values underpin our sector's work and the proposed programme of work supported by government investment set out in this document. We stand ready to work with government to deliver the sustainable communities of the future.
3. The programme of housing investment described in this submission demonstrates how by making the right investment decisions government can use housing policy and the housing sector to drive the delivery of its key targets. We recognise the need to continuously strive for improved efficiency whilst delivering outcomes that meet society's needs and we have set out our sector's offer to government in terms of both improved efficiencies and savings, including direct savings for government, and the outcomes that the programme will deliver.
4. Our submission builds on the housing sector's track record in delivering high quality outputs and outcomes and continuous efficiencies and value for money. We have the experience and expertise to change communities and to build new ones and stand ready to work with government to deliver our shared aims and objectives.
5. Investment in housing plays a crucial role in meeting DCLG's current Public Service Agreement (PSA) on creating sustainable communities, including:
  - Reviving deprived neighbourhoods (Objective 1);
  - Improving affordability (Objective 4);
  - Delivering a better balance between housing supply and demand (Objective 4);
  - Meeting the decent homes target (Objective 5);
  - Reducing the number of households in temporary accommodation (Objective 4).
6. Evidence also shows that increased housing investment has a critical role to play in achieving progress across a broad range of government aims, objectives and targets including:
  - Ending child poverty;
  - Improving life chances and social inclusion;
  - Improving health outcomes;
  - Raising educational achievement;
  - Promoting race equality and community cohesion;
  - Reducing crime and antisocial behaviour;

- Driving up the competitiveness and productivity of our economy.
7. Our proposed programme of investment contains the following key recommendations:

**New homes, better homes**

8. There is an average of 209,000 new households forming every year for the next 20 years, 94,000 households in temporary accommodation and 1.5m households on waiting lists. House prices are also at record levels and so the case for delivering a major increase in affordable housing provision has never been clearer.
9. **We recommend the National Affordable Housing Programme (NAHP) is resourced to deliver a three year programme of 65,000, 70,000 and 75,000 new affordable homes per year across the CSR07 period at a cost of £3.6 billion, £3.9 billion and £4.1 billion per year.**
10. We recognise the need to increase the supply of both new affordable rented and low cost sale / intermediate housing and propose that the programme is split between affordable rented homes and subsidised home ownership homes as follows, delivering 150,000 affordable rented and 60,000 low cost home ownership homes across three years:

	<b>Year one (2008/9)</b>	<b>Year two (2009/10)</b>	<b>Year three (2010/11)</b>
<b>Affordable rented homes<sup>1</sup></b>	46,500	50,000	53,500
<b>Intermediate / LCHO homes</b>	18,500	20,000	21,500
<b>Total homes</b>	<b>65,000</b>	<b>70,000</b>	<b>75,000</b>
<b>Programme cost (£bn)</b>	<b>3.6</b>	<b>3.9</b>	<b>4.1</b>

11. Within this programme we recognise the need to specifically deliver supported housing and affordable housing in rural areas. We propose that 7.5% of the units produced through the NAHP are supported housing. At the levels of construction we are proposing this would mean the delivery of around 5,600 new and remodelled supported homes per year. We recommend an affordable rural housing programme of 5,000 / 7,000 / 9,000 units split 70% / 30% between social rented and the assisted home ownership products.
12. The housing sector's offer to government is to supplement NAHP investment with a **financial contribution of approximately £2.7 billion per year in the form of loans, and reserves contribution of around £2bn per year. In total we will provide approximately 50% of the resources needed to provide the 210,000 new homes.**
13. This step change in affordable housing supply will enable us to house significantly more households than at present, but will not mean an end to the need for homelessness prevention activity. **We recommend that the**

<sup>1</sup> We define affordable housing as Housing for rent, let on secure or assured tenancies at target rents as defined by the Government's rent restructuring policy. Generally provided by registered social landlords and local authorities.

**homelessness prevention budget is set at £80 million, £100 million and £110 million for the three years of this review.** This would provide an additional £190,000 over three years for each local authority in England to assist in setting up and running an additional homelessness prevention project.

14. In addition to this and to ensure people can access their housing and other rights **we recommend an immediate increase in civil legal aid rates of 5 per cent**, that the civil legal aid budget must be ring fenced and to avoid any future erosion should, at the very least, be increased in line with inflation over the CSR07 period.
15. It is clear that thousands of single homeless people will remain dependent on hostel accommodation for the foreseeable future. Although the Hostels Capital Improvement Programme (HCIP) has been very successful in modernising outdated hostels the funding available has not been sufficient to upgrade all hostel accommodation and **we recommend that the Hostels Capital Improvement Programme continues to be resourced at the same level as for the Spending Review 2004 period.**
16. Gypsies and Travellers experience the worst health and education status of any disadvantaged group in England. To reduce unauthorised camping and improve life chances for Gypsies and Travellers the supply of authorised sites should be increased. **We recommend that the existing programme of £28m per annum should be up rated to £50m per annum for the CSR07 period.** This investment would deliver around 1,000 new or refurbished pitches per year.
17. **To meet the Government's manifesto commitment to achieving Decent Homes in the local authority housing stock and to meet the commitments already made to those councils and tenants in the indicative and anticipated ALMO bids to date requires an investment of:**
  - A total of £3.2bn for the CSR07 period;
  - A further £1.2bn for the following period.
18. **We believe that both the housing association sector and local authorities with retained stock, but not included in the ALMO programme, will be able to meet the Decent Homes target without additional government investment in this CSR period. Housing associations, ALMOs and councils will want to discuss with Government how to finance improvements beyond the basic Decent Homes Standard and also how the Standard can be maintained on a sustainable basis.**
19. The need to improve housing conditions is not unique to the affordable housing sector; a staggering 5.1 million private homes (29% of private homes) remained non-decent in 2004<sup>2</sup>. Our Spending Review submission proposes a package of measures to begin to address this problem. Wherever possible our proposals aim to stretch government investment by maximising leverage of private sector monies and target government funding at those who have the least financial capacity to make their homes decent.
20. We recommend that **current levels of funding for the Warm Front programme (£300m a year) should be maintained in order to contribute to**

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<sup>2</sup> English House Condition Survey, 2004

**the target on decent homes, to address the problem of fuel poverty and to make homes more energy efficient.**

21. A new framework is needed to deal with the problem in the long term, along with initial levels of spending that we think are appropriate over the first three years. The amounts that we are recommending are in addition to current local authority spend on grants are as follows:

	<b>Year one (2008/9)</b>	<b>Year two (2009/10)</b>	<b>Year three (2010/11)</b>
<b>1. Improving the commercial equity release market</b>	£30M	£40M	£50M
<b>2. Funding company also giving advice and expertise to LAs</b>	£3M	£3M	£3M
<b>3. Equity loans</b>	£60M	£60M	£60M
<b>4. Advice, advocacy and project management</b>	£80M	£90M	£100M
<b>Programme cost</b>	<b>£173M</b>	<b>£193M</b>	<b>£213M</b>

22. **We are proposing that government makes an average of £40M per annum (phased to £30m / £40 / £50m to allow authorities to gear up) available to local authorities over the next three years to support access to commercial equity release for the purpose of making non-decent homes decent.**
23. **To kick-start a scale-up in the number of equity loans being offered, we recommend that Government establishes a funding company sponsored by local government and offering a range of equity loan and other financial products funded in different ways and offering advice to local authorities. We estimate running costs would be in the region of £3m per year for the three years of the Spending Review.**
24. The successful delivery of the proposed programme of new affordable housing set out elsewhere in this document is crucially dependent on a reliable source of land for construction at reasonable prices. Although our Spending Review submission does not formally request any government spend we set out a number of suggested changes or alterations that government could make to the land supply and planning policy architecture to improve its performance.

### **Stronger individuals, stronger communities**

25. Supporting People is a successful programme that integrates funding for housing related support services and secures quality services for vulnerable people. Since its inception Supporting People has made a real difference to the lives of 1.2 million vulnerable people delivering a number of service improvements including:
- A greater focus on service users and carers
  - Improved value for money
  - Improvements in service quality

- Better local partnerships.<sup>3</sup>
26. The budget for the programme 2005 - 2008 has been capped following reductions year on year since its introduction in 2003 from £1.8bn to £1.715bn and is currently around £1.685bn rising to £1.693bn in 2007/8. A recent Audit Commission report recommended that “there is little more room for efficiency savings”<sup>4</sup> within the programme and that it needed to be placed on a secure financial footing.
  27. Uncertainty over future revenue funding means that new services are not being developed. To remedy this, **the programme must be put on a secure financial basis – the existing budget plus inflation uplifts should be maintained.**
  28. To secure the future of the Supporting People programme and to protect previous public investment through both revenue and capital programmes **we are asking for the Supporting People programme to be up-rated to reflect real inflation costs of service providers (predominantly staff costs), to restore confidence in meeting needs and to provide room for modest levels of investment in new services.**
  29. **We recommend a programme of £1.8bn, £1.9bn and £2.0bn for the three years covered by this review and this should be ring-fenced to ensure that Supporting People monies do not escape to meet shortfalls in other budgets.**
  30. Neighbourhood Warden schemes are a proven success and we advocate continued support of current schemes at their agreed level of funding and welcome government’s commitment to a further 100 new schemes, but note that these schemes concentrate on the most deprived neighbourhoods. We believe that there are a further 90 neighbourhoods that could benefit from similar interventions.
  31. **We propose that government provide 50% match funding to support Neighbourhood Warden schemes in these 90 areas - at an estimated average of £70k per scheme – through an extension to the Sustainable Safer Communities Fund Neighbourhood Warden budget of £6.3m per annum for each year for the Spending Review period.** This is in addition to continued government support for the existing / proposed 600 schemes.
  32. Anti-Social Behaviour (ASB) policies are most effective if they incorporate measures to help perpetrators change their behaviour. The cost of providing tenancy support to help people change their behaviour can be considerable, but offers the potential for significant savings when compared with the direct costs of taking legal action, the potential costs of “revolving door homelessness” and the considerable hidden costs of doing nothing.
  33. The Respect Action Plan commits government to establishing a national network of intensive family support schemes to target the more disruptive families we welcome the new funding £28 million to get schemes off the ground. However, we do not believe that it is sufficient to ensure a successful national roll-out of family intervention projects.

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<sup>3</sup> AC, *ibid*, 2005.

<sup>4</sup> Supporting People National report, Audit Commission, October 2005

34. **We propose that government make available £50m / £40m / £30m across the CSR07 period** to support the introduction and roll out of a national programme of family intervention projects. Our suggested spend profile declines across the CSR07 period as we believe that the savings this programme will generate from other budget heads can be used to help meet the costs of its provision.
35. Disabled Facilities Grants (DFGs) are a significant means of delivering key government agendas. By contributing to aids and adaptations to enable disabled people to maintain their independence at home, it has impacts for the health and social care preventative agenda, enabling quicker discharge from hospital and decreasing the number of admissions. For families with disabled children it benefits the educational, social and emotional wellbeing of the child and other family members.
36. **The Government's review of DFGs<sup>5</sup> identified a requirement for a budget of £171M per annum, based on the enhancements the Review suggests, and we recommend this for the CSR 2007 period.** However, we also note that the DFG Review identified a level of unmet need running at 44%. If this was to be resourced, it would require £218M per annum. We recommend that, in the longer-term, the Government explore resourcing DFGs to this level.

### **Investing for the future**

37. The Local Government White Paper, Strong and Prosperous Communities, describes the impact of the strategic housing role as follows: "Local authorities' work in producing housing strategies has been a lever for economic and social change in many areas, reflecting a shift towards ensuring local housing markets meet local demands, rather than a narrower focus on directly providing social housing. This strategic housing role is at the heart of achieving the social, economic and environmental objectives that shape a community and create a sense of place."
38. This acknowledges that the strategic role is increasing in prominence within local government (and with stakeholders). It is expanding in terms of the breadth and complexity of thinking and evidence required, the range of activities involved and the numbers of organisations involved. In practice, however, local authorities are at different stages of development. Resources need to be made available to local authorities to encourage them to prioritise the strategic housing and to make the step change in skills and approach that is required.
39. **Our recommendation is for £40M per year to be made available to support strategic housing over next Spending Review period, phased over the three years (£50M in year one, £40M in year two and £30M in year three). This translates as around £100k per annum per local authority for three years.**
40. For the strategic role to be meaningful, the work of local authorities needs to be coordinated with bodies at the sub-regional and/or regional level. **We estimate that £4.5m per annum in addition to the amounts above would be sufficient to provide the capacity needed** to establish appropriate liaison between the sub-regional/regional tier and local authorities.

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<sup>5</sup> Reviewing the Disabled Facilities Grant Programme, Housing Research Summary No. 223, ODPM, 2005

41. The Housing Market Renewal Pathfinders programme has already achieved significant integration of economic, housing and planning strategies, and has already secured personal and private sector investment in areas previously ignored. It has encouraged social cohesion, and stimulated growing economic competitiveness. But most importantly it has delivered substantial local housing and environment improvements to families.
42. We recognise the long-term nature of the task and we would stress the need for continuing public sector input into the initiative. Despite the current evidence for potentially short-term speculative land value improvements, we do not believe that a long-term balance between supply and demand has yet been achieved.
43. **For the CSR07 spending period we support the proposals by the Pathfinder Chairs for a continuing consistent long-term approach, and the needs of other low-demand areas and propose that £400M a year be allocated to the existing Pathfinders and other identified low demand areas which will allow the continuation of the programme.**