

# **LGA HOUSING SELF-FINANCING SURVEY 2014**

**March 2014**



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# Summary

## Introduction

In 2012, there was an important change in the way council housing is financed. Two years on the Local Government Association would like to build on the existing evidence to demonstrate that councils and Arm's Length Management Organisations (ALMOs) are ideally placed to invest in new affordable homes and can do so in a way that delivers value for money for the public purse. This research report examines the results of a survey of housing managers across local government.

## Methodology

A link to an online survey was sent to 164 housing managers across England. The survey remained open between 11 November 2013 and 14 February 2014. One hundred and sixty four authorities who had housing stock were invited to take part in the survey.

The response rate of completed surveys for this phase of the survey was 18 per cent.

Due to the initially low response rate the survey was re-issued at the end of January 2014 to all non-responding authorities with some of the more detailed questions removed, the survey was closed to all respondents on 14 February 2014. This report will indicate those questions that were removed.

On closing the survey 79 (48 per cent) participants had responded to one or more parts of the survey; 44 (27 per cent) had completed the survey and a further 35 (21 per cent) had partially completed the survey.

## Key messages

- Seventy nine per cent of respondents said that they have updated their housing investment plans in the last year.
- Decent homes are the priority for council investment.
- Sixty three per cent of respondents saw support for local businesses and suppliers through contractual and procurement arrangements as the largest local economic benefit from their housing investment plan.
- Over the next five years 88 per cent of those respondents are planning to directly fund new housing through the Housing Revenue Account (HRA).

- Ninety eight per cent of respondents plan to use their own land to bring forward housing development in the next five years.
- Eighty three per cent of respondents are planning to work in partnership to deliver new housing, mostly with a registered provider.
- Eighty per cent of respondents reported that the current arrangements for recycling capital receipts generated through right to buy sales are not sufficient.
- The main reason given for the right to buy sales not enabling councils to build new homes was restrictions on the proportion of capital receipt that can be directed towards replacement housing.

## Methodology

The survey was conducted by the LGA's Research and Information team using an online form. An email containing a closed link was sent to contacts in 164 stock owning councils and ALMOs in England. For a full list of the questions asked, please refer to the Annex : Questionnaire

The field work was between 11 November 2013 and 14 February 2014.

<b>Table 1: response rates</b>			
<b>Emailed</b>	<b>Completed</b>	<b>Partially complete</b>	<b>Total Response rate (%)</b>
<b>164</b>	44 (27%)	35 (21%)	79 (48%)

In total responses were received from 79 authorities; 44 (27 per cent) had fully completed the survey and a further 35 (21 per cent) had partially completed the survey. In order to maximise the useable data, those respondents who completed at least part of the survey have been added to final returned numbers to give an overall response rate of 48 per cent.

Where tables and figures report the base, the description refers to the group of people who were asked the question and the number in brackets refers to the number of respondents who answered each question. Due to the two phase approach to this survey with the second phase respondents being asked fewer questions the response rate to individual questions will vary throughout this report.

This varying level of response means that these results should not be taken to be more widely representative of the views of all authorities. Rather, they are a snapshot of the views of this particular group of respondents.

Where the response base is less than 50, care should be taken when interpreting percentages, as small differences can seem magnified. Therefore, where this is the case in this report, the non-percentage values are reported alongside the percentage values.

The response rate was highest in the North East with 86 per cent and the North West with 60 per cent. The South East, London, and Yorkshire and the Humber all had rates above 50 per cent. The lowest response rates were the West Midlands with 38 per cent and the East Midlands with 38 per cent.

A full list of response rates is available in Table 2.

<b>Table 2: Response rates by region</b>			
	<b>Emailed</b>	<b>Returned</b>	<b>Response rate (%)</b>
East Midlands	24	9	38
East of England	24	11	46
London	28	16	57
North East	7	6	86
North West	10	6	60
South East	32	17	53
South West	14	6	43
West Midlands	13	5	38
Yorkshire and the Humber	12	6	50
<b>Total</b>	<b>164</b>	<b>79</b>	<b>48</b>

The response rates amongst the different authority types ranged from 46 per cent for district councils to 65 per cent for unitary authorities. Metropolitan districts and London boroughs returned 50 per cent and 55 per cent respectively.

<b>Table 3: Type of authority</b>					
	<b>District</b>	<b>London borough</b>	<b>Metropolitan district</b>	<b>Unitary authority</b>	<b>Total</b>
Sent	87	29	20	31	164
Returned	36	16	10	20	79
Response Rate (%)	41	55	50	65	48

Throughout the report percentages in figures and tables may add to more than 100 per cent due to rounding.

## Self-financing survey

This section contains analysis of the full set of results.

### Updated business plan

Respondents were asked to indicate, if they had updated their housing investment plan within the last twelve months. Of those who responded 79 per cent said that they had and 21 per cent said they had not. The full results can be seen in Table 4.

Table 4: Has your authority updated its housing investment plans within the last year?						
		District	London Borough	Metropolitan District	Unitary Authority	All
Yes	Number	20	11	8	14	53
	Per cent	66	100	89	82	79
No	Number	10	0	1	3	14
	Per cent	33	0	11	18	21

Base: All respondents (67)

### Investment priorities

Respondents were asked to rank areas of investment that were priorities for their authority, with one being the most important priority and five the least important. This question was only asked in the first phase of the survey.

“Decent Homes” was given the best average rank for investment at 2.1, “new build was given an average rank of 2.5”, “increased standards” had a rank of 3.0 and “investment in green agenda/ energy efficiency” had an average of 3.1.

Other investments that were listed as priorities were as follows:

- Environmental improvements
- Regeneration
- Estate Regeneration
- Remodelling / Regeneration
- Health & Safety
- Re-modelling of existing stock
- Spot Purchase of property
- Rebuilding/remodelling sheltered accommodation
- Regeneration of estates
- Regeneration and savings in general fund



- Acquisitions
- Remodelling Sheltered Accommodation

A full ranking by authority type can be seen in Table 5 below.

**Table 5: Please rank the following areas of investment in terms of their priority for your authority (average rank).**

	District	London borough	Metropolitan district	Unitary authority	All	Respondents
Decent Homes	2.2	2.3	1.0	2.7	2.1	43
Increased standard beyond decent homes	2.9	2.6	3.2	3.3	3.0	43
Investment in green agenda/Energy efficiency	2.9	3.3	2.7	3.6	3.1	43
New Build	2.5	2.6	3.5	1.5	2.4	44
Other	2.5	1.5	3.0	3.3	2.8	13

Base: All respondents (44)

### The economic benefits of investment

Respondents were asked what local economic benefits they were expecting to deliver from their housing investment plan. Respondents were able to select as many benefits as applied. The most cited benefits were “support for local business and suppliers through contractual and procurement arrangement” (57 per cent), “increased use of apprenticeship schemes and other work experience programmes for young people” (63 per cent) and “increased inward investment to the local authority area” (55 per cent). “Increased skills base within the local authority area” and “training and employment schemes to help tenants into employment” were the next most cited at 53 per cent and 42 per cent, respectively.

The benefits seen as the least likely were “partnership with social enterprise” (27 per cent) and “employment support for long term unemployed/ disadvantaged adults” (32 per cent).

Other potential benefits that respondents added to the survey were;

- Increased economic independence
- Additional housing, targeted in particular on the older person

A full breakdown of the results by type of authority can be seen in table 6.

**Table 6: What local economic benefits does your authority expect to deliver from your housing investment plan?**

		District	London borough	Metropolitan district	Unitary authority	All
'Increased use of apprenticeship schemes and other work experience programmes for young people	Number	21	9	7	13	50
	Per cent	64	56	70	65	63
Training and employment schemes to help tenants into employment	Number	12	7	5	9	33
	Per cent	36	44	50	45	42
Employment support for long term unemployed/disadvantaged adults	Number	7	5	6	7	25
	Per cent	21	31	60	35	32
Partnership with social enterprise	Number	6	2	6	7	21
	Per cent	18	13	60	35	27
Support for local businesses and suppliers through contractual and procurement arrangements	Number	19	7	7	12	45
	Per cent	58	44	70	60	57
Increased inward investment to the local authority area	Number	17	8	6	11	42
	Per cent	52	50	60	55	53
Increased skills base within the local authority area	Number	10	6	8	9	33
	Per cent	11	21	40	29	20
Other	Number	2	0	1	0	3
	Per cent	6	0	10	0	4
None	Number	4	2	0	0	6
	Per cent	12	13	0	0	8

Base: All respondents (79)

## House building by authorities

Respondents were asked if their authority was planning to directly fund the building of any new housing in the next five years (through the Housing Revenue Account), 88 per cent said that their authority would be and 12 per cent said that they would not.

The full split by type of authority can be seen in Table 7.

		District	London borough	Metropolitan district	Unitary authority	All
Yes	Number	25	10	6	11	52
	Per cent	96	91	75	79	88
No	Number	1	1	2	3	7
	Per cent	4	9	25	21	12

Base: All respondents (59)

Respondents who answered yes to the previous question were asked to indicate the estimated number of new homes to be built over the next five years.

The 45 authorities who responded to this question indicated that they would build 8,250 new homes over the next five years. Assuming that this is a representative sample of all 164 authorities, it can be estimated that 28,000<sup>1</sup> new homes could be built over the next five years.

These grossed figures are based on data provided by 45 authorities (27 per cent of 164 councils and ALMOS with housing stock in England). The figures are calculated using the assumption that those answering would be representative of non-responding authorities. Whilst in practice this level of response rate means there is likely to be some variation between responding and non-responding authorities, this gives a helpful indication of what the current position might be and is based on the best evidence currently

<sup>1</sup> This was calculated by adding the following three numbers:

1. Number of homes to be built by respondents from the responses given in the survey;
2. The estimated number of homes that would be built by the respondents who answered yes they would build homes, but who did not provide a number. This was calculated by using the count of respondents that said 'yes' but didn't provide 'number of homes' and multiplying it by the average 'number of homes' planned to be built by respondents;
3. The estimated number of homes for non-respondents, this was calculated by extrapolating the number of authorities that would have said they would have built new homes from the percentage of councils that did respond in this way and multiplying this by the average number of homes that actual respondents said that they would build.

available.

The full results are available in table 8.

<b>Table 8: Please indicate the estimated number of new homes to be built over the next five years.</b>					
	<b>District</b>	<b>London borough</b>	<b>Metropolitan district</b>	<b>Unitary authority</b>	<b>All</b>
Count	1,997	2,681	1,863	1,709	8,250
Grossed Estimate	7,000	10,000	5,000	5,000	28,000

Base: Respondents who answered yes to previous question and this question (45)

## Council land

Respondents, who indicated that their authority was planning to directly fund new housing in the next five years, were asked if it was planning on using its own land to bring forward housing development over this period. Of the 49 who gave a response, the majority (98 per cent) said that they would be and only one (2 per cent) said they would not.

See table 9 for a breakdown by type of authority.

<b>Table 9: Is your authority planning to use its own land to bring forward this housing development over the next five years?</b>						
		<b>District</b>	<b>London borough</b>	<b>Metropolitan district</b>	<b>Unitary authority</b>	<b>All</b>
Yes	Number	24	9	6	9	48
	Per cent	96	100	100	100	98
No	Number	1	0	0	0	1
	Per cent	4	0	0	0	2

Base: Respondents who answered yes to previous question and this question (49)

## New builds partnerships

When asked if their authority was planning to work in partnership to deliver new housing in the next five years 83 per cent of respondents said they would be.

See table 10 for a breakdown by type of authority.

Table 10: Is your authority planning to work in partnership (either in partnership with developers, housing associations, etc.) to deliver new housing in your area over the next five years?						
		District	London borough	Metropolitan district	Unitary authority	All
Yes	Number	20	9	5	10	44
	Per cent	83	90	56	100	83
No	Number	4	1	4	0	9
	Per cent	17	10	44	0	17

Base: All respondents (53)

The following question was only asked in the original phase of the questionnaire.

Of the 31 respondents who indicated that their authority planned to work in partnership to deliver new housing, the majority (24 respondents - 77 per cent) planned to work in partnership with a registered provider and around half (17 respondents - 55 per cent) planned to work in partnership with a private developer. About a quarter (7 respondents - 23 per cent) planned to set up a partnership via a special purpose vehicle outside of the Housing Revenue Account (HRA). Only one in 10 (3 respondents - 10 per cent) intend to set up a partnership with an institutional investor and three per cent to work with a Community Land Trust. A further three authorities indicated other options which are set out below.

- **Considering a SPV and CLT**
- **HCA part funding**
- **No firm plans yet beyond first 50 HRA homes**

Results can be seen in table 11.

**Table 11: You have indicated that your authority intends to work in partnership to deliver new housing, which of the following partnerships arrangements does your authority plan to make use of:**

		District	London borough	Metropolitan district	Unitary authority	All
Partnership with a Registered Provider	Number	13	4	2	5	24
	Per cent	87	57	67	83	77
Partnership with a private developer	Number	5	6	2	4	17
	Per cent	33	86	67	67	55
Partnership with an institutional investor	Number	0	1	0	2	3
	Per cent	0	14	0	33	10
Partnership with a Community Land Trust	Number	0	0	0	1	1
	Per cent	0	0	0	17	3
Via a special purpose vehicle outside of the HRA	Number	2	1	1	3	7
	Per cent	13	14	33	50	23
Other (please specify)	Number	3	0	0	0	3
	Per cent	20	0	0	0	10

Base: Respondents who answered yes to previous question (31)

The 44 respondents who said that their authority planned to work in partnership to deliver new housing were asked to indicate the estimated number of new housing units they intend to deliver over the next five years through partnership arrangements.

The 24 authorities who responded to this question indicated that they would build 7,350 new housing units over the next five years through partnership arrangements. Assuming that this is a representative sample of all 164 authorities, it can be estimated that 77,000<sup>2</sup> new homes could be built over the next five years through partnership arrangements.

These grossed figures are based on data provided by 24 authorities (15 per cent of 164 councils and ALMOS with housing stock in England). The figures are calculated using the assumption that those answering would be representative of non-responding authorities. Whilst in practice this level of response rate means there is likely to be some variation between responding and non-responding authorities, this gives a helpful indication of what the current position might be and is based on the best evidence currently available.

Full results available in table 12.

<b>Table 12: Please indicate the estimated number of new housing units you intend to deliver over the next five years through this partnership arrangement.</b>					
	<b>District</b>	<b>London borough</b>	<b>Metropolitan district</b>	<b>Unitary authority</b>	<b>All</b>
Count	3,070	940	1,650	1,690	7,350
Grossed Estimate	31,000	32,000	8,000	7,000	77,000

Base: Respondents who answered yes to previous question and this question (24)

<sup>2</sup> This was calculated by adding the following three numbers:

1. Number of homes to be built by respondents under partnership arrangements from the answers given in the survey.
2. The estimated number of homes that would be built by the respondents who answered yes they would build homes under partnership arrangements, but who did not provide a number. This was calculated by using the count of respondents that said 'yes', but didn't provide 'number of homes and multiplying it by the average 'number of homes' planned to be built by respondents.
3. The estimated number of homes for non-respondents, this was calculated by extrapolating the number of authorities that would have said they would have built new homes under partnership arrangements from the percentage of councils that did respond in this way and multiplying this by the average number of homes that actual respondents said that they would build.

## Removing the debt cap

Respondents were asked to estimate how many additional homes could be built in the next five and ten years if the debt cap was removed and they could borrow up to prudential limits.

The 27 authorities who responded to this question indicated that they would build 7,350 additional homes over the next five years if there was no debt cap in place and they could borrow up to prudential limits. Assuming that this is a representative sample of all 164 authorities, it can be estimated that 48,000<sup>3</sup> additional homes could be built over the next five years.

These grossed figures are based on data provided by 27 authorities (16 per cent of 164 councils and ALMOS with housing stock in England). The figures are calculated using the assumption that those answering would be representative of non-responding authorities. Whilst in practice this level of response rate means there is likely to be some variation between responding and non-responding authorities, this gives a helpful indication of what the current position might be and is based on the best evidence currently available.

See results in table 13.

**Table 13: To enable an assessment of capacity in the sector, how many additional homes do you estimate could be built in your authority if the debt cap wasn't in place and you could borrow up to prudential limits? 5 YEARS**

	District	London borough	Metropolitan district	Unitary authority	All
Count	3,070	940	1,650	1,690	7,350
Grossed Estimate	30,000	5,000	8,000	6,000	48,000

Base: All respondents (27)

The 26 authorities who responded to the following question indicated that they would build 14,650 additional homes over the next ten years if there was no debt cap in place and they could borrow up to prudential limits. Assuming that this is a representative sample of all 164 authorities, it can be estimated that 103,000<sup>3</sup> additional homes could be built over the next ten years.

These grossed figures are based on data provided by 26 authorities (16 per cent of 164 councils and ALMOS with housing stock in England). The figures are calculated using the assumption that those answering would be representative of non-responding authorities. Whilst in practice this level of response rate means there is likely to be some variation between responding and non-responding authorities, this gives a helpful indication of what the

<sup>3</sup> This was calculated by adding the following two factors:

1. Number of additional homes to be built by respondents from their answers in the survey;
2. The estimated number of homes for non-respondents, this was calculated by extrapolating the number of authorities that would have said they would have built new homes from the percentage of councils that did respond in this way and multiplying this by the average number of homes that actual respondents said that they would build.



current position might be and is based on the best evidence currently available.

Full results available in table 14.

**Table 14: To enable an assessment of capacity in the sector, how many additional homes do you estimate could be built in your authority if the debt cap wasn't in place and you could borrow up to prudential limits? 10 YEARS**

	District	London borough	Metropolitan district	Unitary authority	All
Count	6,350	1,400	3,325	3,575	14,650
Grossed Estimate	68,000	8,000	13,000	14,000	103,000

Base: All respondents (26)

## Total capital programme

Respondents were asked the total size of their authority's capital programme for each of the next five years, with the different types and sizes of authority who took part in the survey it is very difficult to compare or analyse results.

The full data set is set out in Table 15, with the mean and median average for each year at the bottom of the table.

<b>Table 15: What is the total size of your authority's capital programme in each of the next five years? (£ Millions)</b>					
	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Authority A	£31.0	£25.0	n/a	n/a	n/a
Authority B	£17.0	£20.0	£15.0	£10.0	£9.5
Authority C	£8.2	£8.6	£8.6	£10.4	£10.4
Authority D	£10.2	£10.5	£12.0	£12.4	£13.9
Authority E	£14.3	£20.9	£17.1	£17.5	£17.9
Authority F	£6.0	£9.0	£10.0	£8.0	£7.0
Authority G	£8.0	£8.0	£7.0	£8.0	£8.0
Authority H	£76.0	£126.7	£68.8	£47.6	£65.8
Authority I	£4.0	£3.1	£4.0	£4.0	£4.5
Authority J	£4.0	£2.0	£2.0	£2.0	£2.0
Authority K	£99.0	£69.3	£28.4	£18.0	£14.5
Authority L	£13.3	£13.7	£15.0	£16.7	£13.8
Authority M	£15.0	£13.0	£11.0	£5.0	£7.0
Authority N	£28.5	£26.9	£25.8	£29.3	£24.2
Authority O	£17.3	£21.9	£16.7	£16.4	£15.7
Authority P	£27.2	£28.3	£27.7	£22.2	£21.2
Authority Q	£15.0	£13.0	£13.0	£12.0	£11.0
Authority R	£25.5	£29.9	£25.9	£26.4	£27.1
Authority S	£34.5	£32.3	£17.5	£19.4	£14.0
Authority T	£4.2	£4.2	£4.2	£4.2	£4.2
Authority U	£35.0	£35.0	£35.0	£35.0	£35.0
Authority V	£5.8	£11.0	£5.5	£5.5	£5.5
Authority W	£8.3	£17.2	£12.1	£12.2	£12.6
Authority X	£40.2	n/a	n/a	n/a	n/a
Authority Y	£10.0	£8.0	£7.2	£6.2	£6.2
<b>Mean</b>					
	£22.3	£23.2	£16.9	£15.2	£15.3
<b>Median</b>					
	£15.0	£15.5	£13.0	£12.2	£12.6

## Bad debt

Respondents were asked what provision their authority made for bad debts for the next five years. The majority of respondents gave percentages below five; there were two outliers which were removed from the data.

The averaged data set is set out in Table 15 for each year in the five year period.

**Table 16: What provision has your authority made for bad debts for the next 5 years of your business plan? (5)**

		District	London borough	Metropolitan district	Unitary authority	All
Mean	2013/14	1.3	1.4	1.4	1.6	1.5
Mean	2014/15	2.0	2.7	3.1	3.1	3.2
Mean	2015/16	1.8	2.0	2.3	2.3	2.3
Mean	2016/17	1.9	2.1	1.8	1.8	1.8
Mean	2017/18	1.7	1.9	2.0	2.1	2.1

Base: All respondents (33)

## Right to Buy - Restrictions

Thirty five (80 per cent) respondents indicated that the current arrangements did not allow them to replace all homes that are sold. Nine respondents (20 per cent) felt that the current arrangements did enable them to replace the homes that are sold.

A breakdown by authority type can be seen in table 17.

**Table 17: Do the current arrangements for recycling capital receipts generated through right to buy sales enable you to replace all homes sold under the right to buy?**

		District	London borough	Metropolitan district	Unitary authority	All
Yes	Number	6	2	0	1	9
	Per cent	27	22	0	12	20
No	Number	16	7	5	7	35
	Per cent	73	78	100	88	80

Base: All respondents (44)

## Right to Buy - Reasons

Those respondents who felt that the current arrangements for recycling capital receipts generated through right to buy sales did not enable them to replace the homes that are sold were asked the reasons why they thought this was the case. Respondents were able to choose more than one reason.

Twenty five (71 per cent) indicated that restrictions on the proportion of capital receipt that can be directed towards replacement housing and 14 (40 per cent) suggested that the availability of development finance to add to capital receipt to build replacement housing was the reason for this.

The next most popular reason given for this was that the cost floor is not long enough (29 per cent) and the availability of land to build new housing (26 per cent).

Other reasons given for this were:

- The receipts are not enough for 1 for 1 replacement.
- Low take up of RTB's<sup>4</sup>-numbers insufficient to reach minimum self - financing target set by the CLG.
- Fundamentally the proportion we get to keep, even if fully usable to fund replacement, does not generate sufficient monies to fund a replacement.
- The scheme not intended to replace 'all' sales but only additional sales; building costs too high to even replace additional sales.
- The Council is anticipating that it has sufficient receipts to replace those properties sold where receipts are ring fenced to support "one for one" replacement. However, the HRA subsidy settlement assumes a number of RTB sales (where receipts are pooled) before "one for one" receipts can be retained. So relative to ALL sales we are not anticipating replacement utilising RTB receipts. However, we do have various approaches to supporting the provision of affordable rent housing that means that overall there will be more affordable rent homes provided in the borough than sold (e.g. through planning arrangements).
- We are losing social rented and can't even afford affordable with the money we get back.

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<sup>4</sup> Right to Buy

- Not yet received any retainable receipts - receipts being used to repay Treasury Share.
- Financials don't stack up - net rent supports around £50,000 of build costs per property and retained receipts slightly less, but build costs typically now exceed £100k per property.
- Our average valuations mean that once we have paid the Government its share, and provided for other off-takes, the "retained" amount of capital receipts is only enough to fund replacements at the rate of 1 replacement for between every 7-10 properties sold.
- The RTB sales have increased more than estimated at the time of putting together the business plan. Members have agreed not to build.
- The value of the receipt after discount is too low compared to the cost of a replacement.

A full breakdown of results can be found in table 18.

**Table 18: You indicated that the current arrangements mean that you will not be able to replace all homes sold under the right to buy. Please tick all reasons that apply for this:**

		District	London borough	Metropolitan district	Unitary authority	All
Restrictions on the proportion of capital receipt that can be directed towards replacement housing.	Number	13	3	2	7	25
	Per cent	81	43	40	100	71
The cost floor is not long enough	Number	7	0	2	1	10
	Per cent	44	0	40	14	29
Availability of land to build new housing	Number	3	2	2	2	9
	Per cent	19	29	40	29	26
Availability of development finance to add to capital receipt to build replacement housing	Number	8	4	1	1	14
	Per cent	50	57	20	14	40

Base: All respondents (35)

## Comments

At the end of the questionnaire respondents were given the opportunity to provide comments or additional information. The comments are listed below.

- The Right to Buy process does not result in a 1 for 1 replacement. Adopting the Right to acquire approach would be of far more benefit. We have worked on an average unit build cost of £90,000. Our Headroom allows us to build 150 to 200 units over a five year period. If we could retain all the Right to Buy Receipts plus borrow at 50% Loan to Value our New Build programme would increase by approximately 150% over the same time period.
- On the priority section priorities 1 to 3 are ok, but you are forcing us to go with your priorities for 4 and 5. For 4 and 5 our priorities are Estate improvements and adaptations - though there are insufficient sums available to fund the demand which is a national issue.
- If restrictions on the use of non RTB HRA capital receipts were to be removed so to allow the 70% of development costs not funded by retained RTB receipts then more replacement homes may be able to be developed. Requiring Councils to borrow when non RTB HRA capital receipts are available and could fund the additional costs would seem unnecessary. We are also supporting [an area] affordable housing grant programme which will offer grants to housing associations on the basis of providing affordable rent units. This scheme is intended to be complimentary and additional to [an external] programme. The target is to deliver up to 200 units through this approach over the next 5 years.
- The greatest single measure that could radically assist stock retained Local Authorities to build new homes would be to lift the debt cap completely. Whilst there would be an impact on the Public Sector Borrowing Requirement this would be spread out over many years, and would be insignificant when compared to the benefit of releasing this unnecessary restriction.
- It depends on the capital receipts generated and the cost of new build.
- Our stock holding is small (c2600). As a Council we are currently completing a review of our data to consider the future direction of the Council in terms of development of Social housing so cannot give a clear response to many of your questions.
- We believe that Local Authorities should be left to operate within the

Prudential Borrowing parameters that work perfectly well for the General Fund. If Local Authorities had historically been allowed to retain all capital receipts generated we would have been able to have replaced most of the stock sold under RTB.

- We are using our RTB receipts and capital to buy back properties, we can be specific about the type, size and location of property we purchase.
- The authority is currently completing a 100% stock condition survey. This will feed into a revised business plan, and until this is completed I am unable to answer all questions. There remains some uncertainty over proposed changes to rent restructuring and rent setting in future years. We had based our initial business plan on the current system and had ambitious plans to build, however as our current rents are still significantly below the target rents the proposed changes will mean a significant loss of income. (This is despite us fully following rent convergence guidance each year). The lack of finance is likely to limit our future ambition.
- Any new build plans have to be considered in the context of the uncertainty around the potential impact of Welfare reforms including direct payment to tenants. This means that the scope for ambitious plans for increased new build is severely constrained.
- The debt cap is not an issue for [the council]. It is the cost of borrowing that is the determining factor.

### Removed questions

Due to the two phase approach to this survey some questions were not included in the second phase; this resulted in some questions having insufficient responses to provide adequate analysis. The annex shows which questions have been asked in which phase (denoted by 1 and 2) and whether the question was analysed (NA).

## Annex : Questionnaire

### LGA HOUSING SELF-FINANCING SURVEY 2013

Your response will be treated in confidence, and no identifiable response will be published without prior permission.

You can navigate through the questions using the arrows at the bottom of each page. Use the back arrow if you wish to amend your response to an earlier question. If you stop before completing the return, you can return to this page using the link supplied in the e-mail and you will have the option to continue from where you left off. If you have any queries about the survey, please contact [hilary.tanner@local.gov.uk](mailto:hilary.tanner@local.gov.uk)

Please amend or enter your contact details as necessary

Name \_\_\_\_\_  
Email address \_\_\_\_\_  
Telephone number \_\_\_\_\_

Has your authority updated its housing investment plans within the last year?<sup>1,2</sup>

- Yes
- No
- Don't know

Please rank the following areas of investment in terms of their priority for your authority.<sup>1</sup>

*Please select your answers by moving them to the right hand table*

\_\_\_\_ Decent Homes  
\_\_\_\_ Increased standard beyond decent homes  
\_\_\_\_ Investment in green agenda/Energy efficiency  
\_\_\_\_ New Build  
\_\_\_\_ Other (please specify) \_\_\_\_\_



What local economic benefits does your authority expect to deliver from your housing investment plan? <sup>1, 2</sup>

*Please tick all that apply*

- Increased use of apprenticeship schemes and other work experience programmes for young people
- Training and employment schemes to help tenants into employment
- Employment support for long term unemployed/disadvantaged adults
- Partnership with social enterprise
- Support for local businesses and suppliers through contractual and procurement arrangements
- Increased inward investment to the local authority area
- Increased skills base within the local authority area
- Other, please specify \_\_\_\_\_
- None

New build housing

### **New Builds - Council**

Is your authority planning to directly fund (through the HRA) the building of any new housing in the next five years? <sup>1, 2</sup>

- Yes
- No
- Don't know

Please indicate the estimated number of new homes to be built over the next five years. <sup>1, 2</sup>

Is your authority planning to use its own land to bring forward this housing development over the next five years? <sup>1, 2</sup>

- Yes
- No
- Don't know

When do you expect to start building? <sup>1, NA</sup>

*Please enter year*

You have indicated that your authority plans to invest in new build over the next five years, are you able to provide the average build and land cost and level of subsidy (if any) for this development? <sup>1, NA</sup>

- Yes
- No
- Don't know

Where you have invested in new build please provide the average build, land cost and level of subsidy (for example a grant from HCA or the local authority) per unit: <sup>1, NA</sup>

	Houses	Flats
Average build cost per unit	_____	_____
Average number of bedrooms	_____	_____
Building standard	_____	_____
Type of accommodation e.g. sheltered accommodation	_____	_____
Average land cost per unit	_____	_____
Level of subsidy per unit	_____	_____

### New Builds - Partners

Is your authority planning to work in partnership (either in partnership with developers, housing associations, etc.) to deliver new housing in your area over the next five years? <sup>1, 2</sup>

- Yes
- No
- Don't know

You have indicated that your authority intends to work in partnership to deliver new housing, which of the following partnerships arrangements does your authority plan to make use of: <sup>1</sup>

*Please tick all that apply:*

- Partnership with a Registered Provider
- Partnership with a private developer
- Partnership with an institutional investor
- Partnership with a Community Land Trust
- Via a special purpose vehicle outside of the HRA
- Other (please specify)\_\_\_\_\_

Please indicate the estimated number of new housing units you intend to deliver over the next five years through this partnership arrangement. <sup>1, 2</sup>

### Debt Cap Removed

To enable an assessment of capacity in the sector, how many additional homes do you estimate could be built in your authority if the debt cap wasn't in place and you could borrow up to prudential limits? <sup>1,2</sup>

In the next five years \_\_\_\_\_

In the next ten years \_\_\_\_\_

### Total Capital

What is the total size of your authority's capital programme in each of the next five years? <sup>1, NA</sup>

*Please enter the amount in £millions*

2013/14 \_\_\_\_\_

2014/15 \_\_\_\_\_

2015/16 \_\_\_\_\_

2016/17 \_\_\_\_\_

2017/18 \_\_\_\_\_

### Bad Debt

What provision has your authority made for bad debts for the next 5 years of your business plan? <sup>1,2</sup>

*Please enter a percentage*

2013/14 \_\_\_\_\_

2014/15 \_\_\_\_\_

2015/16 \_\_\_\_\_

2016/17 \_\_\_\_\_

2017/18 \_\_\_\_\_

### Right to Buy Restrict

Do the current arrangements for recycling capital receipts generated through right to buy sales enable you to replace all homes sold under the right to buy? <sup>1,2</sup>

- Yes
- No
- Don't know

### Reasons Right to Buy

You indicated that the current arrangements mean that you will not be able to replace all homes sold under the right to buy. Please tick all reasons that apply for this: <sup>1,2</sup>

- Restrictions on the proportion of capital receipt that can be directed towards replacement housing.
- The cost floor is not long enough
- Availability of land to build new housing
- Availability of development finance to add to capital receipt to build replacement housing
- Other, please specify \_\_\_\_\_

### Comments

Please add any comments or additional information that you would like to include in your survey response.

### Learning from practice

We would like to showcase the positive effect of self-financing and proactive work by authorities. This will support learning between councils and provide material for LGA lobbying.

Depending on the answers to the survey we would also like to do some follow up work with a small number of councils.

### Follow Up

Would you be prepared to participate in the follow up work or share examples of proactive and successful work? <sup>1,2</sup>

- Yes
- No

### Contact Follow Up

Please amend or enter your contact details as necessary

Name \_\_\_\_\_  
Email address \_\_\_\_\_  
Telephone number \_\_\_\_\_



**Local Government Association**

Local Government House  
Smith Square  
London SW1P 3HZ

Telephone 020 7664 3000  
Fax 020 7664 3030  
Email [info@local.gov.uk](mailto:info@local.gov.uk)  
[www.local.gov.uk](http://www.local.gov.uk)

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We consider requests on an individual basis.