

Changing times

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Content

- Context for social housing and its role within communities
- Longstanding challenges
- Impact new government – what the future might bring?
- Preparing for change
- Some of the big policy issues for debate



Our tenants : a few facts

- Social housing currently provides homes for 5.3m households
- We provide homes for some of the most vulnerable people in society
 - Only 32% tenants in paid employment (J Hills)
 - 1.8m children come from workless households
 - 43% tenants have a serious medical condition
 - High rates of disability, lone parents, and single older people
- Increasing polarisation and residualisation within communities



Current stock: a few facts

- We already have **99%** stock (previously planned development accounts for only 1%)
- **70%** of this stock will be with us in 2050
- The UK has some of the oldest and least energy efficient housing in Europe



Some of the longstanding challenges

- We don't have enough homes:
 - Only building 1 in 3 of the new homes we need to meet existing demand:
 - Huge waiting lists
 - Some of the highest levels of overcrowding known for years
- Impact of mortgage accessibility on affordable housing options (age 37yrs)



there's more

- Prioritising resources: at times of economic recession there is increase demand for all public services. compounded by cuts. But targets can't be ignored:
 - Retrofitting / meeting carbon reduction targets is challenging
 - For some, DHS problematic (10% not achieved)
 - Discussion: DHS Plus, balance aspirations for more demanding standards with financial constraints





Placed within the
new political
climate What
does the future
hold?

What are the new
challenges?



The timeline

- Emergency Budget (22nd June)
 - Currently experiencing budget freeze / spending moratorium
 - George Osborne indicated 25% cuts over 3years (non protected depts could be more)
- Departmental indicative budgets (EB plus 2weeks)
- Departments will have **further 3 weeks** to set out proposals to allocate spend and publish for consultation over summer
 - **Full CSR 20 October** will set out public investment plans for housing in England and block allocations for developed countries for 2011–14yr



Analysis: Institute of Fiscal Studies

- *'We are looking at the longest, deepest, sustained period of cuts to public services since second world war'* IFS Director Robert Chote
- IFS detailed analysis
 - Anticipated cuts of up to 33% in non protected government departments (Inc Housing)
 - If this level of cuts is applied to housing capital expenditure we will see current capital investment drop from **£7.3bn** to **£4.8bn**, to the level it was in 1996/7
- **Our concern:** Most CLG spending is either local government revenue support or housing capital – with emphasis on supporting localism – how will departmental budget split?



Managing uncertainty: What do we know?

- Governments programme is light on details but we do know:
 - Priorities are to cut spending and increase efficiency
 - Appetite for **radical reform**
 - Public funding for local councils will be cut
 - Investment in regeneration and new affordable housing will be cut
 - We will see stalled development plans in estates where **physical and social** regeneration is **desperately** needed



What else do we know?

- Current investment **funding at risk** inc:
 - Kick Start 2
 - HMR, and gypsy and traveller programmes
- VAT increases from Jan 2011 will need to be absorbed
- Govt has indicated that any future investment funding will be assessed on its **economic impact**:
 - Maximise the impact of any programme on local employment, training and demonstrate **positive** economic outcomes



Moving forward



Transforming estates

A report by ECOTEC and the
Chartered Institute of Housing

Edited by
John Thornhill



Chartered Institute
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 policy

Key: Expect to find and develop alternative models and products that are **less reliant** upon public subsidy

With heavy emphasis on **localism** – renewed focus on community land trusts (reborn as Local Housing Trusts)

Transforming Estates:

- Whole section on undertaking development in an era on constricted finances, and alternative funding models.



The implications:

- Either we do less (build/improve) or all housing providers unlock balance sheet capacity more effectively
 - sweat assets
 - revenue streams
- VFM, efficiency, and effective procurement have never been more important
- Maximise collaborative working opportunities – outside of traditional boundaries
- *Where all this is already happening.....*



Some difficult conversation to be had:

- Regulatory change to enable housing providers to change the use/purpose of existing housing stock
- Consider the breadth of rents charged in affordable housing sector and relative rents in private sector
- Who gets access to which homes, on what terms, and at what price?
- Identity
- Examples:
 - **A2Dominion and Great Places** plans to raise £1bn investment (private equity investors) to develop 6000 PRS homes
 - Birmingham CC considering an **equity fund** to support the development of new PRS homes
- Research indicates by 1013 the **PRS will be bigger** than the social rented sector (The Thinktank, BSHF)



Housing: Part of the solution

- CIH shared submission with NF ALMOs, NHF for autumn CSR – **pulling together comments from sector**
- We will be presenting a strong case to government that demonstrates the contribution our sector can make to economic recovery and the growth of vibrant communities:
 - Building 100,000 new homes pa delivers:
 - **Half million jobs** across the economy
 - Generates £6bn in tax receipts, plus
 - Savings to benefit bill
 - Retrofitting could stimulate UK manufacturing where traditional industries in decline



Pooling of resources at a local level - important that we take forward the CIH HouseProud campaign to ensure local leaders understand the impact of housing on education, health and well being. Some headlines include.....

**HOUSE
PROUD**



Every £1 spent
improving heating
in homes saves
the NHS £34.19*



- * over 10 years
- * per 100,000 dwellings



NEW CHARTER
ACADEMY

Greenhurst Campus



● Education

25%

of children in bad housing gain no GCSEs compared with around

10%

not living in bad housing.

The background image shows a concrete wall covered in graffiti. There are red and purple tags, some of which include the number '410'. A green cup is on the floor in the lower right corner. The overall scene suggests a neglected or vandalized public space.

● **Anti-social behaviour**

Early intervention by housing management staff resolves about

75%

of ASB cases.

- Between 2003–2008 RSLs invested over £200m on around 900 projects to support education, employment training and enterprise.



Housing: Innovative partnerships

- Fantastic examples:
 - Partnerships – Beyond traditional boundaries
 - Successful efficiencies both within housing sector and to the wider public pound.



Some hope

- Reform of the planning system and HRA
- Financial initiatives to build local homes
- Total Place model has potential (HM Treasury)
- Bank of England's new powers to address house price volatility.



Are we left with more questions than answers?

- Await review of HRA
- What will be the impact of financial initiatives to build local homes?
- New approach to rents?
- Decentralisation: New powers to local councils and communities – will leaders now deliver?



Questions for ourselves:

- What can we do better or more of with less money?
- How prepared are we to deliver at a '*local*' level?
- We have talked for a long time about partnership arrangements, is there room for improvement?
- Are we ready to talk about some of the policy issues that need to be addressed in order for us to thrive as a sector, and deliver on our commitments to tenants and communities?



Questions or comments

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