



Consultation 'Review of the Local Authority role in Housing Supply'.

To: All English Contacts

For information: All contacts in Scotland, Northern Ireland and Wales

Key issues

The paper provides a consultation opportunity following a Call for Evidence.

The role of the local authority in all elements of housing supply will be considered.

The review only covers the role of local authorities in England the Department are keen to hear of good practice and innovation from the rest of the UK.

1. Introduction

The Department for Communities and Local Government are seeking views from the sector on the paper 'Review of the Local Authority role in Housing Supply' issued in March 2014. It can be found [here](#).

Comments from APSE members will be incorporated into our response to the paper.

2. Context

The opening statement notes that the review is considering how all local housing authorities are using their powers and flexibilities to deliver new social housing, and what more they could do, in collaboration with housing associations, house builders, residents and business, to build more new homes and what role they can play in helping to meet the housing needs of their local population.

The focus of the review is on considering how councils can help to meet housing needs, whilst ensuring value for money and fiscal discipline.

Unfortunately the review spells out that it is "not seeking proposals that would increase Government borrowing, or changes to Government's national accounting framework. Nor are we looking for requests for funding. These are not within the terms of reference of our Review". Clearly this statement limits the options for consideration.

The Review is looking for

- answers to specific questions (noted below)
- case studies to demonstrate how local authorities are shaping, leading or enabling housing development; or how innovative finance models or partnering arrangements have facilitated developments
- additional supplementary evidence

3. Key themes and consultation questions

The call for evidence has been structured around the following core themes:

3.1 Local authority build - The paper refers to the fact that since April 2012 changes to the Housing Revenue Account self-financing system have given stock owning local authorities flexibility to increase housing supply, keep their rental income and manage their housing stock in the most effective way, whilst using finance and surplus revenue to directly fund capital work and gain borrowing approval to raise private finance to support the building of more local authority homes. They are keen to hear about councils' experiences in using the self-financing system, for example in planning for future council housing and in securing additional borrowing to fund new housing.

Q1. What are the experiences of stock owning councils in using the flexibility under the Housing Revenue Account to build new council homes? What challenges were encountered and how were they overcome? What further changes might be introduced to encourage stock owning councils to use their flexibilities to build council homes?

Q2. To what extent are non-stock owning councils interested in building council houses? What challenges might be preventing non stock owning councils from building council homes?

3.2 Councils supporting housing supply – the paper notes that all councils – whether stock owning or not - should be planning to meet the current and future local housing needs and have a range of levers to help them do so such as being able to bring together partners to help tackle housing needs across all tenures or using local authorities surplus or redundant assets/ land that might support new housing developments.

Q3. How could Government support local authorities that want to do more to deliver new housing? Are there challenges that could be made easier?

Q4. To what extent are councils actively valuing, assessing stock condition/ cost, or otherwise managing their asset portfolio to support new developments?

Q5. How are councils using their own land to support house building by themselves or with others? What more might be done to bring surplus/ redundant land back into use?

3.3 Local authority skills and capacity – the paper calls for evidence of the approaches taken by councils to utilise the necessary skills and capacity such as strong and effective leadership, the commitment to take tough decisions, how skills and capacity across development partners are harnessed and how they ensure that their, and their communities', interests are fully recognised, and that housing developments are effectively planned, financed, managed and linked to wider community services. They want to hear from community/ tenant and other bodies and individuals about how their housing and community needs have been recognised and included by councils.

Q6. How are councils using their capacity and skills to support locally-led larger development? How are councils assessing housing needs and working to include the needs and wants of communities when considering housing developments? How might councils tap into the skills or capacity from development partners, particularly in larger scale developments?

3.4 Innovative finance – they want to hear about the innovative financing mechanisms that councils have used (such as special purpose vehicles, joint venture vehicles, and local asset backed vehicles to lever-in private investment), as well as their experiences in doing so. We are also interested in hearing about other innovative financial mechanisms that could help local authorities to lever-in additional funding to support housing development such as institutional investment form pension funds.

Q7. What innovative finance mechanisms have councils used to support housing developments? How were risks identified and shared, and challenges overcome in utilising innovative finance models? What other factors would need to be in place to ensure success?

Q8. *What innovative finance mechanisms are used in funding private sector housing development? To what extent could these mechanisms be replicated or extended/ improved to help secure investment for local authority-led housing developments? What could Government do to better support such innovation?*

3.5 Costs and efficiency in developing social housing – the paper asks for evidence of how the cost of local authority-led housing development compares with cost of private sector housing developments including cost of land, infrastructure and construction. They are also interested in ideas for reducing the cost of local authority-led developments, and ways of increasing value for money and whether, and how, local authorities are driving efficiency improvements in both their management and development of social housing, in order to free up more resources to support new housing development.

Q9. *How have local authorities improved the efficiency of their management and development of social housing? How does the cost of local authority and private sector-led housing development compare? How is value for money assessed for housing developments? How might councils reduce the costs of and improve value for money in housing developments?*

3.6 Local authority assets - the paper states that Government has consulted on revisions to the Transparency Code, proposing that a duty is placed on all councils to publish data on the location of public land and building assets, excluding social housing. It intends to publish a revised Transparency Code shortly that will require local authorities to publish data on land and assets. Making available data on local authority assets, including housing and land, will help communities and developers identify vacant and disused plots of land that could be used for housing development. Additionally, the Autumn Statement included a commitment to ensure that all councils are transparent in the value and size of their housing assets. Some of the best authorities already make their data publically available.

Q10. *How easy have you found it to locate details about local authorities' housing/ land assets? Did this help to support housing development?*

4. General comments

Although there has been a greater amount of publicity about local authorities and housing associations building new social housing over the past couple of years, APSE appreciates that there are a number who have successfully built homes since 2000. We are keen to highlight this within our response to this submission as we are to include examples of good practice and innovation in housing management, asset management, development schemes, sheltered and elderly schemes.

It is imperative that local authorities and housing associations are involved in formulating the tools which are available to them to meet the needs of their communities and we would encourage responses to this Call for Evidence both through APSE and individually.

14. Response details

If you wish your comments to be included in the APSE response to this consultation paper please send them to Phil Brennan at pbrennan@apse.org.uk. They should reach him by **15th May 2014**. Alternatively, you can submit your response directly to: LAreview@communities.gsi.gov.uk and answer the questions at <https://www.surveymonkey.com/s/RXC3PGM>. The closing date for responses is 23 May 2014.

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