

## Notes of Decisions Taken and Action

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### **Sparse Rural and the Rural Services Network**

Monday 4 July 2011

Westminster Suite, Local Government House, 11:30 am

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#### **Present:**

#### **SPARSE Rural:**

Cllr R Kemp (Babergh DC); Cllr Jenny Stewart (Cornwall Council); Leigh Parker (Cornwall Council); Cllr Hilary Carrick (Cumbria County Council); Cllr Mrs M Robinson (Eden DC); Cllr Mac Cotterell (Fenland DC); Cllr R Phillips (Herefordshire Council); Cllr P Elliott (Maldon DC); Cllr Derrick Haley (Mid Suffolk DC); Cllr I G S Cartwright MBE (North Kesteven DC); Cllr Robert Heseltine (North Yorkshire County Council); David Illingworth (Oxfordshire County Council); Cllr Roger Begy (Rutland County Council); Cllr Celia Motley (Shropshire Council); Cllr C Clarke (South Northamptonshire DC); Cllr Mr Geoff Holdcroft (Suffolk Coastal DC); Cllr L Strange (West Lindsey DC)

#### **RSN:**

Graham Biggs (Sparse Rural and RSN); David Inman (Sparse Rural and RSN); Dan Bates (Sparse Rural and RSN)

#### **Apologies for absence:**

Cllr Mrs P M Tull (Chichester DC); Paul Over (Chichester DC); Cllr R Reichhold (East Northamptonshire Council); Eleanor Gasse (LG Group); Andy Baldwin (Malvern Hills DC); Charlie Adan (Mid Suffolk DC); Katherine Steel (Mid Suffolk DC); Cllr M Kirk (North Lincolnshire Council); Cllr Mrs J E Mortimer (Scarborough BC); Martin Holland (South Shropshire Housing Association); Margaret Lomas (Shropshire Rural Housing Association); Andrew Lovegrove (Stratford on Avon DC); Cllr J McInnes (West Devon BC); Lisa Buckle (West Devon BC); Graham Carne (West Somerset DC); Cllr Audrey Steel (Wychavon DC)

**In Attendance:** Graham Biggs (RSN); David Inman (Sparse Rural and RSN); Dan Bates (Sparse Rural and RSN); Virginia Ponton (LGA); Graham Patrick (Landex); Norman Rides CTA UK); Catherine Harrington (National CLT Network)

### **MEETING OF THE SPARSE RURAL SPECIAL INTEREST GROUP AND RURAL SERVICES NETWORK**

The Chairman welcomed all attendees to the meeting.

#### **1. Election of Two Vice Chairs**

**(a) The Vice Chairs representing the North of England and the South and South west**

Proposed Cllr Gordon Nicholson, Eden DC be invited to become the Vice Chair representing the North of England.

Councillor Jenny Stewart nominated the Portfolio Holder from Cornwall Council as the Vice Chair for the South and South West and said that she herself would be prepared to fill the position if the Portfolio Holder felt unable to do so.

### **(b) One Vice Chair without portfolio**

Cllr Hilary Carrick, Cumbria CC and Derek Haley, Mid Suffolk DC volunteered themselves as Vice Chairs. The Chair thanked the volunteers and proposed that all four are appointed as Vice Chairs.

Members **agreed** all appointments.

## **2. Apologies for absence**

Members noted that these would be shown on the minutes for 4 July 2011 and would be circulated after the meeting. It was noted that the membership of councillors and officers had changed. It was **agreed** that the distribution lists should be checked and amended.

## **3. Minutes of the last full meeting – 21<sup>st</sup> March 2011**

**(a)** The minutes of 21<sup>st</sup> March 2011 were **agreed** as a correct record of the meeting.

**(b)** Graham Biggs told Members that the Call for Evidence/Survey on the Impact of Public Expenditure Cuts was sent out during the week commencing 27 June 2011 as per page 7 and 8 of the agenda papers for 4 July 2011. The Chairman also told Members that there had been further correspondence from Ribble Valley on a specific issue around concessionary travel scheme and its application to Community Transport Schemes. Graham Biggs suggested that the group write to the Department of Transport to point out this issue and urge them to consider such issues when they next review community transport schemes. This was agreed

## **4. Minutes of the Executive Meeting 23<sup>rd</sup> May 2011**

David Inman went through each point under item 2 in relation to the widening of the group's programme in detail. This was an important report in relation to the Network's development. Particular detailed points drawn out from the discussion were:

**(a)** The Chairman said that grant/bid writing support would be particularly useful in boosting the success of 'Big Society' bids and enable Members to bid into various funding streams more competitively.

(b) David Inman reminded Members that there would be a meeting/seminar in each region and hoped they would be well attended and that members felt activities were being held closer to their home authority.

(c) The Director expressed the importance of formalising the arrangement for an annual London meeting for finance, performance and rural officers, which would be especially important in difficult economic times.

(d) David Inman emphasised that with the demise of the CRC it was considered important to have a UK-wide Rural Policy and Practitioners Group and engage with Scotland, Northern Ireland and Wales.

(e) David Inman highlighted the importance of having more impactful and powerful national media coverage to get the key messages across.

The 6 DEFRA priorities were listed to Members:

- rural housing
- rural broadband
- rural economy
- uplands
- fuel poverty
- services

Graham Biggs expressed that he was looking forward to seeing the detail under these broad headings in the proposed Ministerial Statement (it was subsequently discovered that the Statement had been delayed until the autumn). The Chairman highlighted that these Defra Priorities featured strongly in the RSN's own manifesto.

David Inman asked Members to digest these aims and emphasised that this is a widening and ambitious agenda.

The Chairman thanked Members for an excellent Executive meeting.

The minutes of the last Executive meeting on 25 January 2010 were noted.

## **5. Rural Housing** – planned reforms of HRA and the Affordable Rent Scheme.

Caroline Green, Senior Adviser, LG Group set the scene that housing finance reform and the new Affordable Rent scheme are two elements of housing reforms and that there needs to be a link between housing and wider reforms. She stressed that councillors are key in making a success of these new reforms and doing so by making a success of places and through strong leadership. There have been a series of LG Group events to discuss reforms and issues. The following link to the LG Group website provides a briefing on the events and the

document is also attached to this note. There will be a new round of seminars in the autumn. <http://www.lga.gov.uk/lga/core/page.do?pagelid=18591380>

Caroline outlined details of the Affordable Rent Scheme adding that some councils are positive about and welcoming to some increased flexibility but highlighted concerns over market value rates which will be good in some areas of the country and not in others. She outlined that the LGA has campaigned for many years about the redistributive housing finance system to which 144 local authorities contribute and only 34 received subsidy from. She informed Members of a template letter on the LG Group website which can be sent to MPs. Please find the template attached to these notes and available via the following link <http://www.lga.gov.uk/lga/core/page.do?pagelid=16488209>. A CLG policy document will be launched in July outlining reforms and what councillors need to do next. Caroline is interested to hear about local issues, and get feedback, information and suggestions of support needed.

Members discussed in particular the following points with Caroline:

- The difficulty of accessing funding for rural housing developments due to lack of sufficient economies of scale in examples where housing comprises many smaller units rather than large-scale developments.
- The tension between capping funding and adhering to decent homes standards.
- Concerns from Registered Social Landlords (RSLs), in particular small rural RSLs who feel they will stagnate at a time where there is not enough capacity or bravery to invest in property. Graham Biggs said that he and David Inman are meeting with the Chartered Institute of Housing later in July to see if the two organisations could work closer together on rural housing issues.

The Chairman thanked Caroline and invited Catherine Harrington, National CLT Network to address the Group.

Catherine Harrington outlined the details of Community Land Trusts (CLTs) where a community comes together to buy land, develop houses and assets and provide these as continually affordable. The National CLT Network lobby and campaign on housing and asset issues, provide resources for best practice and run training events.

Members discussed the following with Catherine:

- Whether this community scheme was a rural phenomenon or also a feature of urban areas. The schemes are mainly rural, in part as land is cheaper, but some urban areas have been involved, for example London, Leeds and Birmingham and there is a strong trend of this in urban areas of the United States.

- The Localism Bill sends many messages to rural communities so it is important to manage expectations. Members welcome the Bill but are concerned that communities may be taken down a route of localism but could be let down by financial constraints.
- In response to Members' concerns about financing CLTs Catherine said that communities will have to look at the viability of schemes and that being imaginative and creative is key.
- Small RSLs currently have issues with lenders.

The Chairman thanked Catherine for an interesting discussion and said that these schemes will highlight local leadership. Caroline can be contacted on [Catherine.harrington@housing.org.uk](mailto:Catherine.harrington@housing.org.uk)

## **6. Budget for 2011/12**

Graham Biggs presented the draft RSN Budget for 2011/12. He highlighted that the figures are still showing a small surplus and that this is useful as some SPARSE and RSN Members had given their required notice to leave with effect from 2012/13. Meetings would however be arranged where possible. It is important that communication on what the subscription buys is as clear as possible.

## **7. Performance Service**

Dan Bates outlined proposed changes to the performance service. Information will be taken from Government in order to profile with a greater emphasis on budget and cost comparisons, which when added to performance will additionally provide a value for money profile.

The Chairman thanked Dan and stressed that this is a valuable service which he hoped could be used more by members.

## **8. Items from the long grass**

Members had no items to note.

## **9. Fairer Funding Campaign**

Graham Biggs introduced this item by urging Members to ensure the questionnaires from Local Government Futures are returned by their Authority to enable the RSN impress on Government that this is an important campaign. He added that Members should point out any relevant consultations to SPARSE in order that they can encourage replies and urged Members to copy SPARSE and RSN into any representations/responses they make.

Members highlighted that there is a big gap between the income and expenditure threshold criteria levels.

A member stated that an example on the impact of the spending cuts was the threat to a coastguard station in Cornwall being closed, it was recognised that local knowledge is vital in the success of such a service.

Dan Bates gave a presentation comparing urban and rural spending power for 2011/12 which reveals that on average urban residents get a better deal than rural residents who receive less Government funding, pay more Council Tax, receive less investment in local services and earn less.

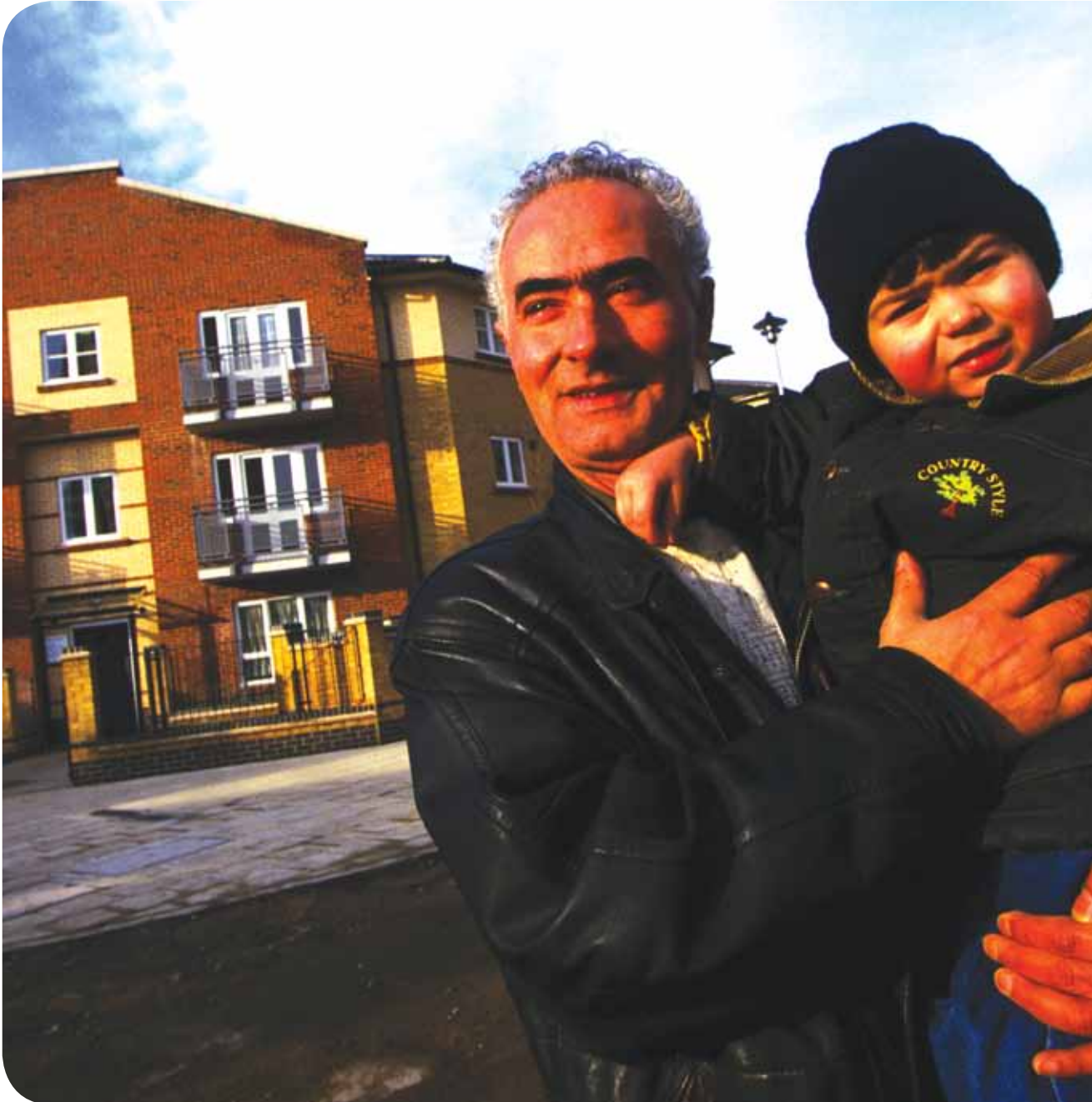
Graham Biggs gave a presentation on the Costs of Providing Services in Rural Areas as LG Futures and Pixel representatives had sent their apologies. He stressed the importance of communicating key messages and said that once the analysis from the questionnaires was completed, all member authorities will be made aware of the findings. The Pixel work is looking at sparsity and density indicators and researching what other data was used in the funding formula. Graham said that the marketing and presentation of messages need to be clearly set out rather than simply saying that the gap between urban and rural is unfair.

Members then discussed a broad range of topics:

- whether with the move towards personalisation an allowance for the higher costs of providing care in rural areas will be provided.
- examples of wind farms generating money to the local community and the pressure Government could put on communities to take advantage of such packages despite the impact on the landscape.
- that social care bills impact on the ability of rural business to grow and that broadband in turn is important for growth.
- it is important to look at whole areas and recognise that some areas will 'win' and some will 'lose' with the hard decisions which need to be made.
- issues arising from an ageing population and the cost of adult social care. There are particular areas with huge adult social care bills and associated issues such as in Lincolnshire.

The Chairman in closing said that Members would all be in different positions with different ideas and thoughts. He urged Members to feed these back. Graham Biggs also asked Members to ensure they provide press releases to the local press, based upon the SPARSE national press releases, and in doing so not to purely focus on the lack of resources but to talk about the real impact of financial challenges on communities and businesses.

The Chairman thanked Members for attending and contributing to the very full and comprehensive proceedings.



# Changing the way we do housing

Local Government Group seminars

# Contents

Executive summary	1
Introduction	4
Changing the way we do housing – a series of events	4
Overview: Realising opportunities, meeting needs	6
Theme 1: Increasing the supply of housing	8
Overview	8
HCA presentations	9
Discussions	10
Key messages	12
Theme 2: Putting homes to good use	13
Overview	13
Presentations	13
Discussions	17
Key messages	18
Theme 3: Improving existing homes	19
Overview	19
Presentations	19
Discussion	21
Key messages	21
Theme 4: Supporting vulnerable people and communities	23
Overview	23
Presentations	23
Discussions	26
Key messages	28
Appendix	29
Acknowledgements	29

Presentation slides are available at [www.local.gov.uk](http://www.local.gov.uk)



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# Executive summary

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The Local Government Group (LG Group) convened five seminars across the country in March 2011, to help elected members and senior council housing officers consider the opportunities arising from the government's planned reforms of housing and planning. At each event, a senior official from the Homes and Community Agency (HCA) spoke on increasing the supply of housing. These were followed by practitioners speaking on two of three themes: putting homes to good use; improving existing homes; and supporting vulnerable people.

## Increasing the supply of housing

Councils will be responsible for setting housing targets for their areas, based on robust evidence of need. However, both public and private finance available for new house building is limited. Grant funding for social rented housing is to be replaced by the HCA's Affordable Homes Scheme and tighter restrictions on mortgage lending are limiting private investment. Councils now need to consider how to make more use of their own resources to meet local needs. These include using the New Homes Bonus, further borrowings as councils gain control of their Housing Revenue Account (HRA), and 'investing' council land assets in new schemes.

Councils are also under pressure to renegotiate extant Section 106 agreements to reduce developer obligations to enable schemes to proceed.

HCA speakers emphasised that the HCA is now more an 'enabler', than a 'funder' of housing development. The HCA's efforts will be focused on working with registered providers and councils to build new homes without, or with very modest, subsidy. When requested, the HCA is keen to work with authorities to support their negotiations with developers. Also, use of the HCA's pre-screened Delivery Partner Panel can bring down procurement time.

Delegates saw tensions between the pressure to deliver more housing with little or no public subsidy, versus the aspiration to create sustainable communities – especially in areas where high land values threatened the viability of development. The need to establish trusting relationships between councils and registered providers is key to making the Affordable Rent proposals effective. Delegates also feared that councils' efforts to build homes might be constrained by the new commitment to empowering local communities leading to stronger protests against development, the HRA reforms only providing modest additional borrowing capacities, and financial institutions being reluctant to invest in untested Affordable Rent schemes.

## Putting homes to good use

New reforms will give councils the right to grant fixed term tenancies of two years or longer and more flexibly manage their own waiting lists. Councils will be able to discharge their homelessness duties by using private rented housing and there will be modest new incentives to bring empty homes back into use. Government is proposing that councils will have a duty to work with registered providers to publish a tenancy strategy for their locality.

Barnsley council and their Arms length Management Organisation (ALMO) Berneslai Homes are already working with local housing associations to prepare a tenancy strategy; this is likely to include a five year minimum tenancy. They are focusing on working with private landlords; this includes a strengthened landlord accreditation scheme along with a private sector leasing and management scheme.

In Croydon, where caps on housing benefit may force some tenants to move, their chief concern is how best to continue to meet needs while maintaining balanced communities. The council and local providers are working together to consider how the inclusion of Affordable Rent tenancies could change the mix of people living in an area. Moat Housing is one provider active in the area; they are now considering offering tenancies to a broader range of households. They are considering whether to charge higher income tenants rents based on their ability to pay, with surpluses subsidising lower income households.

Bristol council is working with three nearby authorities and registered providers to prepare a tenancy strategy which will operate across the entire housing market and which will provide customers with a 'coherent

offer'. Empty and private rented homes are a key focus for Bristol – as they are in Wirral, where several innovative initiatives are bringing empty and under-occupied homes into productive use.

In discussions, most councils reported that they plan to make use of the new flexibilities. There was keen interest in the potential of the reforms to help households remain in their homes and pay on the basis of their ability to do so – both supporting sustainable communities and increasing investment potential. Some thought it was only a matter of time before fully flexible tenures are possible. Tenants being forced to move because of Affordable Rent and reports of providers 'offloading poor-performing stock' were seen as further threats to sustainable communities. Ensuring that private sector accommodation is of an appropriate standard to meet local housing need was another focus.

## Improving existing homes

Although few policy reforms relate to improving existing homes, the end of government support for private home improvements and 'unring fencing' monies for Disabled Facilities Grants mean that councils face an acute challenge. Councils can choose to use HRA funds and New Homes Bonus to support home improvements. Increasingly, councils expect that they will fund home improvements with funds allocated to achieve complementary objectives, such as improve health or energy conservation.

In Wolverhampton, the council intends to embark on a large scale retrofit of social housing with photovoltaic panels, with income earned from feed-in tariffs supporting further home improvements. In due course, the programme will become self financing and be rolled out to private stock. In Greenwich,

landlords can apply for interest free loans to improve their homes – there is a £2m fund which is being recycled. A Handypersons service is also in operation, helping vulnerable people with essential jobs around the house. A Department for Communities and Local Government (DCLG) Handypersons Toolkit says that four home adaptations can be carried out for £28,000; equivalent to the cost to the NHS of a single hip fracture.

Delegates discussed the need to think laterally when looking for funding for home improvements. In particular they saw the importance of engaging with the proposed Health and Wellbeing Boards, the Joint Strategic Needs Assessment (JSNA) process and GP commissioning consortia. To drive improvements in the private rented sector delegates saw that a locally-determined combination of the strategic use of enforcement powers, private leasing schemes and voluntary accreditation for landlords could be effective.

## Supporting vulnerable people and communities

There is less money available for new supported housing schemes and for housing related support for vulnerable people. This, alongside the move to personal budgets (in Adult Social Care) and a greater emphasis on communities ‘doing it for themselves’, will radically change the market for care and support services. A case will need to be made to shift health funds to housing-based preventative and cost effective programmes. With their new responsibilities for public health, upper tier councils will draw on JSNA’s to inform commissioning. The Health and Wellbeing Boards will be a key to making the links between health and housing; they could better integrate efforts to coordinate approaches to the needs of vulnerable people.

In Staffordshire, the Joint Commissioning Unit is moving demand, and resources, away from crisis intervention and towards prevention. They are designing new commissioning approaches from scratch and focusing on outcomes. In Wakefield the PCT funds caseworkers based with their housing association to address tenant needs which span housing and health. Likewise, in Liverpool, their Healthy Homes Programme has PCT-funded caseworkers carrying out property and health assessments on the same visit and making referrals to appropriate agencies. In Dorset, Synergy Housing is implementing a community development approach to supporting vulnerable tenants. They are also working new partners including Tesco to transform their services to meet the needs of residents.

Delegates at the events were interested in how to gain influence with health care providers, particularly the GP consortia that will have control over significant budgets. Also senior officials with the new clusters of NHS care trusts, and those with social care responsibilities, particularly older people’s services, in upper tier authorities are key potential partners. It is also essential to ensure that housing features in the JSNA to better inform commissioning and decisions. The need to make a convincing argument and build up the ‘business case’ for health commissioners to invest in housing is vital. Delegates recognise the importance of housing officials working in partnership with other agencies and residents, to provide a seamless service to meet the needs of the most vulnerable people in a community at less cost.

## 12 key questions for councils

### **Increasing the supply of housing**

- Does your council have a clear view about how many new homes are required over the next five, ten and twenty years?
- Is this view based on a solid evidence about current and future housing needs and does this underpin your local plan?
- In light of these views, are you working with Registered Social Landlords (RSLs), private developers and the HCA to consider the different ways that your authority could accelerate completions – both affordable rent and market housing?

### **Putting homes to good use**

- Are you developing your tenancy policy for social housing (including Affordable Rent) and the evidence that you need to underpin it?
- What factors are you considering about how to employ freedoms to use fixed term tenancies, and how are you involving residents?
- Are you mounting further efforts to bring empty homes back into use?

### **Improving existing homes**

- Could you use existing powers (including enforcement duties) more strategically to make better use of the private rented sector – improving standards and sustaining tenancies?
- If necessary, have you reworked your business plan for achieving Decent Homes?
- With your council's new public health powers, how will you work through your Health and Wellbeing Board to encourage health partners to invest in home improvement measures to reduce health care costs?

### **Supporting vulnerable people and communities**

- In light of the diverse needs and aspirations of older households, what is the most appropriate mix of housing and support to meet these?
- Given reductions in revenue and capital funding for housing for vulnerable groups, are you developing realistic support programmes?
- How are you ensuring that housing providers, health authorities, Jobcentre Plus, the police and the voluntary sector are working together to meet the needs of residents in your most deprived communities?

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# Introduction

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## Changing the way we do housing – a series of events

The Local Government Group commissioned Shared Intelligence and New Realities to run a series of seminars for the local government sector on the changing housing agenda. The series 'Changing the way we do housing', comprised five day-long seminars which took place in March 2011 in Birmingham, Leeds, London, Bristol and Liverpool.

The events were attended by elected members and senior council officers with responsibilities for housing, planning, regeneration, neighbourhoods and private sector renewal. The objective was to give delegates an opportunity to learn more about the policy and funding changes taking place in the housing sector and reflect on how these will affect councils in their landlord and strategic housing roles; to hear from other practitioners about how they are planning ahead to meet the new challenges; and time to discuss ideas and approaches with their peers.

The series considered a wide range of reforms being proposed both in legislation now before Parliament and in various consultation papers published during the past several months<sup>1</sup>. The events explored the nature and implications of these reforms, as well as some of the choices and opportunities available to councils flowing from them. The series of seminars covered four themes:

- increasing the supply of homes
- putting homes to good use
- improving existing homes
- supporting vulnerable people and communities.

Each event opened with an overview presentation, followed by a speaker from the relevant 'operating area' from the Homes and Communities Agency on 'Increasing the Supply of Housing'. Speakers for the other themes were mostly practitioners doing work relevant to that topic in the region, and who are thinking creatively about the future.

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<sup>1</sup> These include changes to planning and tenancies in the Localism Bill, changes to the HCA's affordable homes programme, and reforms to health, adult social care and energy

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# Overview: Realising opportunities, meeting needs

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Lee Shostak and Merron Simpson provided an overview of the changes taking place in relation to housing. Radical reforms in the housing landscape are being driven by changes in policy to promote localism: “A radical redistribution of power away from Whitehall to councils, communities ...”<sup>2</sup> as well as measures to reduce the national budget deficit and to stimulate economic growth.

Localism means councils and their partners having more freedoms and flexibilities to meet the needs of their citizens, rather than meeting targets set by central government. The government is proposing a wide range of reforms which will change how local plans are prepared, new affordable homes are funded and new tenancies are granted. Councils will also have significant freedoms in the use of their Housing Revenue Account. Ambitious health and social care reforms, which aim to make GPs accountable for a higher proportion of NHS expenditure; to personalise services; and to shift the focus to prevention and community wellbeing will also have an impact on how housing needs are met and support services are delivered in every community. The government presumes that councils and their partners will work together to build a locally coherent offer.

The drive to reduce every element of public expenditure is resulting in significant reductions in government funding for housing and regeneration. Councils and their partners will need to find ways of attracting more private investment into housing and of delivering better value for money in all their activities. Further, the government is looking to reduce the cost of welfare by capping housing benefits, introducing changes in eligibility criteria for unemployment benefits, and, in due course, introducing a ‘Universal Credit’. These moves will have significant impacts on how the housing needs of many low and moderate income households are met.

The government has decided to replace grant funding for social housing at current social rents with its ‘Affordable Homes Scheme’ supported by rents at up to 80 per cent of local private market rents on new homes and voids. Councils, as well as housing associations can in principle bid to build such housing. Both housing associations and councils will have the opportunity to ‘convert’ re-let properties to Affordable Rent tenancies and to offer fixed term tenancies (for a minimum of two years) if they wish to do so.

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2 Ref ministerial quote

These reforms demand strong leadership from councils. Members have a particular opportunity to provide this leadership, to ensure that their authorities understand and respond to local needs. Although some of the changes required may seem risky, the bigger risk may be trying to continue with traditional commissioning models in the new environment.

The reforms mean that councils will need to work differently in how they:

- view and address their housing needs across all tenures
- use their housing, land, community and other assets
- work with their local partners.

The specific changes relating to each of the four themes are covered in the following sections of this report.



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# Theme 1: Increasing the supply of housing

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## Overview

### The changes

With the expected abolition of regional spatial strategies, councils will set housing targets for their areas. They will need an even better understanding of their current and future housing needs. Moreover, community groups will have the opportunity to prepare neighbourhood plans and these will be part of the statutory local development framework. More generally there will be a 'community right to build', and a 'presumption in favour of sustainable development'.

With the replacement of grant funding for social housing at current social rents with the 'Affordable Homes Scheme' (supported by rents up to 80 per cent of local private rents), the government expects councils and their partners to rely far more on their own resources to meet local needs. With the New Homes Bonus, the government intends to match the additional council tax raised from the net increase in housing (with extra for affordable homes) for the following six years. Reforms to the Housing Revenue Account will allow councils to retain rents collected on their housing stock to use as they wish; this could include investing in new homes.

As a result of tighter regulation of clearing banks, building societies, and other providers, first time buyers and owner occupiers seeking a mortgage have been finding that they can borrow less. Higher

deposits, lower loan to value ratios, and tighter eligibility requirements are reducing the private investment available for new house building.

### The implications

Councils have always gathered evidence about their local housing needs and considered how many new homes would be required in their communities. Previously, these local views were set in the context of regional targets and councils were expected to prepare plans to achieve these targets, even if they did not agree with them. The government is now proposing to abolish these regional plans. If these proposals are accepted by Parliament, the full responsibility for making and meeting housing targets will lie solely with councils – though there is likely to be a strong emphasis on housing development in national policy, and on local plans being based on evidence including housing demand and supply. The views of local people, as expressed through neighbourhood plans, community right to build and other mechanisms, will need to be reconciled with councils' spatial vision for their area as a whole.

In future, there will be significantly less finance – both from private lenders and government – for new housing development. Due to tighter mortgage lending restrictions, less money will be available for prospective purchasers to buy their homes. The new Affordable Rent homes will be funded mainly by registered providers and it may



be difficult for them to build these homes in places where there is not a significant margin between market and social rents. The Homes and Communities Agency (HCA) will only be able to provide limited grant support for such schemes.

The New Homes Bonus may penalise those localities with low levels of new housing completions, because it is funded by taking a top slice from the formula grant. Finally, the emerging details in the HRA reforms mean that borrowing limits will severely restrict the scale of new house building by councils.

### **The choices**

With their partners, councils will be responsible for establishing a robust evidence base to define levels of housing need; and they can choose how to do this. They will then be responsible for allocating land to meet these requirements and using their powers to bring this land forward for development. There are many different ways to approach this task. The most immediate choice facing councils regards schemes already under construction or those ready to start soon. Delegates reported that some developers are claiming that the adverse market conditions make these schemes unprofitable, and that they need to reduce their 'Section 106' contributions to community infrastructure and social housing. Councils can decide whether to agree to this, or not.

In devising their strategies councils can continue to see two distinct types of requirements: 'social' and 'market' housing – with relatively small amounts of shared ownership and shared equity. Or, as prompted by the reforms, they can look at the market as a unified whole, within which they need to achieve the best mix of social, affordable and market properties to meet local housing needs.

## **HCA presentations**

An Executive Director or senior official from each of the HCA's operating areas set out the challenge for councils of increasing housing supply at each seminar. "This is about redefining the role of the public sector in delivering housing supply," said Paul Spooner, speaking in Birmingham. "We all know that there is less cash, less revenue and capital and less staff to do it with."

Fewer new houses are being completed annually now than at any time since 1923. The resulting housing shortage is limiting people's aspirations, labour market mobility, and local economic growth; and is exacerbating affordability issues and market instability. Public subsidy (from the HCA) accounted for 74 per cent of housing starts and 49 per cent of completions in 2009-10. But as Deborah McLaughlin put it in Leeds, this will not continue. "The bank of HCA is now closed," and its previous 17 investment programmes have been reduced to three – while the HCA itself is downsizing and changing its role from that of 'investor' to 'enabler'. With the abolition of regional targets and the new role of councils in determining local ambitions for housing growth, much of the HCA's efforts will be focused on helping councils achieve their aims in relation to house building.

The HCA has already assisted councils across England put together their local investment plans (LIPs). Speakers made it clear that these will continue to be the defining documents to which all local partners should look for guidance on local housing priorities. Registered housing providers are currently assembling their bids for the HCA affordable housing framework; how closely their proposals fit with the priorities outlined in the LIP will be a significant determinant of their success in obtaining funding.

A large part of the HCA's enabling role is to facilitate the bringing forward of public land for housing development. This can include land owned by the HCA itself, the RDAs, councils or other public sector organisations looking to divest assets. The HCA offers councils the use of mapping tools which enable them to identify what public land exists in their area. It can also help with legal advice, due diligence and other technical support. Use of the HCA's pre-screened Delivery Partner Panel, comprising of 17 developers in three regional clusters, can help bring procurement time down to around six or eight weeks. Deferring receipts on public sector land until homes have been sold is becoming a standard tool for accelerating completions.

The Affordable Homes Programme is the main government funding stream available for new homes, but the criteria for a scheme to qualify for grant support are tighter than ever. Under the new programme, it is expected that most new affordable homes which form part of a Section 106 agreement will be delivered with no public subsidy.

It was clear from the HCA presentations that councils will be required to work in a much more commercially-minded way to understand the potential of the intermediate market in their areas and to work with their partners to make development deals 'stack up' financially. The HCA's offer to help councils assess developers' claims over the viability of certain sites was welcomed by most delegates. This was particularly true in London where HCA representative Terry Fuller, a former developer himself, said: "We have to re-imagine the way we deliver." He listed several examples where the HCA had helped councils negotiate an increase in the proportion of affordable housing on a site or found 'hidden money'.

## Discussions

### **Delivering sustainable communities versus delivering supply**

Many delegates feared that the pressure on councils and housing providers to deliver new housing supply (and particularly affordable housing), at low or zero public subsidy could conflict with the aspiration to create sustainable communities. Although HCA speakers were at pains to point out that strong local investment plans would help mitigate against this, they did concede that in some cases registered providers would be likely to develop housing in places where it was not a council priority because it is more profitable. They added that they would help councils negotiate with providers to use some returns to develop sites that were less desirable or viable.

How to encourage providers to develop more 'difficult' pieces of land or in areas where values are depressed but where need still exists was a major concern in all the seminars. In communities with high land values, it is a struggle to complete developments even with public subsidy.

There was wide agreement from delegates across all five events that the place-making role of councils should not be diluted by an undue focus on reducing costs. "I'm aware that what's coming out of government is a refocusing based on a business approach and I have some sympathy with that," said one attendee in Bristol. "But as councils, we have a common aspiration to house people in decent homes and we must not lose sight of that. This is, and must remain, a customer-focused operation; that is what we are here for."

## **Role of councils in supporting mortgage lending**

Given the huge impact that limits on mortgages have on housing supply, some councils were interested in the possibility of becoming involved in supporting mortgage lending, particularly to first time buyers. Four councils in the south east had joined forces with Lloyds Bank to underwrite mortgages for first time buyers.

## **Relationships with housing providers and other developers**

The Localism Bill includes a requirements for councils to produce a tenancy strategy and for registered providers to 'have regard' to that document. This, along with the role that Local Investment Plans will play in guiding HCA decisions on registered providers' Affordable Rent proposals is redefining the relationship between councils and other housing providers. With many housing associations owning stock in many council areas, this presents a complex challenge both to the housing associations and councils.

Councils are aware of the need to work more closely with developers, and to strengthen their commercial competencies in order to do so. Many delegates, particularly those in London, the South East, and the South West, wished to improve their ability to assess developers' claims regarding the viability of housing developments. Consequently there was a large amount of interest in the offer from the HCA to help them challenge these claims. As Terry Fuller said in London: "If I find a developer looking to make 18 per cent or even – as I have done – 42 per cent profit on a social housing scheme, or hiding money in S106, no public money will be invested in that scheme."

## **New homes bonus**

At most of the seminars, participants were concerned about the impact of the New Homes Bonus. Given that the New Homes Bonus will be partially funded by a top slice from the formula grant, those authorities which are more grant-dependent will have to build more homes to reverse the losses. The Local Government Group has made a detailed assessment of the impact of the scheme which is available at [www.lga.gov.uk/housing](http://www.lga.gov.uk/housing)

As expected there was widespread dissatisfaction among councils, particularly those in the north of the country, that replacement of substandard housing in regeneration areas, leading to no net increase in stock, will not qualify for the bonus. This is despite the fact that in doing so they would be clearly meeting local housing needs.

## **Use of public land**

The availability – and conditions attached to the use – of public sector land for bringing forward housing development was another key area of discussion across all five events. The HCA can assist councils in identifying the publicly owned land in their communities and to determine how best to bring it forward for development. The agency will agree in most cases to provide land on a deferred receipt basis if it helps a scheme progress – as Deborah McLaughlin told delegates in Liverpool, "Our primary aim is to increase housing supply." However, some delegates were concerned that those sites which are easier to develop would be favoured, because of the need for housing schemes to be developed independently of public subsidy.

## **Land values**

Whether private land owners are prepared to bring land forward for development is a serious concern in the south east and south west. In these areas, land owners were reportedly reluctant to sell land for less than its 'perceived' value at the height of the housing boom towards the end of 2007. It was acknowledged that this problem is not an easy one to overcome, but one delegate suggested that compulsory purchase orders could be used as a last resort.

## **Concern that localism might end up meaning NIMBYism**

Local opposition to growth from NIMBYs (those who see the need for new housing but Not in My Back Yard) was a key concern for delegates. In particular they were concerned that new 'localism powers' may be seen by some as a way of opposing new development. One delegate in London told us that residents in her area were not so much NIMBYs as BANANas (Build Absolutely Nothing Absolutely Nowhere). The importance of involving the community as early as possible in determining local needs and in any plans for development; and strong local leadership by councillors in particular, were identified as essential factors in pre-empting such resistance.

## **Affordable rent**

All the seminars considered the feasibility of building more Affordable Rented housing at 80 per cent of private market rents. In the north of England, delegates confirmed that there were many areas where social rents were already close to market rents, limiting the potential for any additional income, and thus the capacity to increase borrowing for new building. It was reported that some housing providers which operate in a number of localities across the country are considering using funds raised through collecting Affordable Rents in one area, to support development and regeneration in other areas.

There was some concern that because of the untested nature of Affordable Rent, that registered providers would find it difficult to increase their borrowings. Investors would be more reluctant to commit funds to new development because of the higher levels of risk involved. A housing provider speaking at one event said that it planned to keep rents below the levels of the local housing allowance, in part to avoid this problem.

## **Limitations of the HRA reforms to fund new supply**

Initial excitement at the "phenomenal opportunities" opened up by the reform of housing finance – as one delegate put it in Bristol, had subsided in many areas once the implications of limits on borrowing had hit home. Under the formula, many authorities would not have sufficient headroom to borrow and invest in new stock; while others had headroom they would not need.

## Key messages

With their strategic housing responsibilities, unitary and lower tier authorities must play a strong role in:

- defining the full range of housing needs in their communities
- identifying the amount of new housing which should be built in the future, the most appropriate mix of tenures, and the land required to meet these needs
- working in partnership with registered providers, land owners and private developers to bring forward the needed schemes.
- The combination of tighter lending requirements introduced by mortgage providers alongside reductions in government investment in housing, means that it will be more difficult to finance new home construction. Private developers will continue to seek to renegotiate their Section 106 obligations.
- In many communities, promoting new developments on publicly owned land offers significant opportunities to bring forward affordable housing schemes.
- Where requested, as an enabling agency the HCA offers considerable resources in support of councils' efforts to meet their housing needs. The HCA welcomes efforts to update Local Investment Plans to set a framework for this assistance.



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# Theme 2: Putting homes to good use

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## Overview

### The changes

The government's proposed reforms will offer councils more flexibility in determining their tenancy policies, governing access to and occupancy of homes in their locality.<sup>3</sup> These include the right to grant fixed-term tenancies of two years or more to different households and more flexibility over how waiting lists are managed. Councils will be expected to increase mobility for existing tenants and there will be new incentives to bring empty homes into use and for tackling under-occupation. They will be able to discharge their homelessness duty with offers of a suitable privately rented home. A duty to publish a tenancy strategy in partnership with registered housing providers will provide a framework for the use of different tenancies across their localities. This will embrace the new Affordable Rent tenancy that will apply to new homes and some re-lets.

### The implications

These new provisions will allow councils more scope for making good use of all the housing in their localities. In some areas, more affordable homes will be built. In other areas, however, there could be a gradual shift to a higher proportion of social rented housing being available at 80 per cent of market rents, potentially making some low and moderate income households dependent on housing benefit. In the most extreme cases, it may not be possible for these households to live in a particular area at all.

### The choices

Many councils confirm that they intend to make use of the new flexibilities. The powers can be employed in different ways to suit the market conditions, and councils can reach agreement with local housing partners in a variety of ways. A focus on the private rented sector might be appropriate in some places, using existing powers and building on existing good and innovative practice around landlord accreditation, licensing, private leasing schemes, tenancy support and enforcement. The best outcomes will be achieved when councils work with partners to agree how best to support a positive vision for each neighbourhood.

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<sup>3</sup> Local Decisions: next steps towards a fairer future for social housing: Summary of responses to consultation, CLG February 2011 <http://www.communities.gov.uk/documents/housing/pdf/1853054.pdf>

## Presentations

### Putting homes to good use

Richard Kershaw, Group Leader Strategy and Regulation, Strategic Housing, Barnsley Metropolitan Borough Council

Although initially sceptical about the housing reforms, Richard said that Barnsley MBC is now "cautiously welcoming" changes which offer the prospect of making better use of existing stock. Work has started on a tenancy strategy together with tenant bodies, Berneslai Homes and five housing associations. Although he admitted that relationships with some of these providers need further work and that the viability of the Affordable Rent model is questionable, the council is endeavouring to support these five providers in their Affordable Rent offer to the HCA.

Barnsley is considering introducing a five year minimum tenancy, with lifetime tenancies for some more vulnerable tenants. Flexibilities around allocations and on accommodating homeless households in the private rented sector are also welcome – providing safeguards are in place and management arrangements are adequate. Berneslai Homes already actively supports national mobility schemes and Barnsley is looking into becoming a 'vanguard' authority on mobility, working with CLG.

Richard said that the council has accepted that the level of new house building in Barnsley is likely to be quite low. Consequently he has sought and secured political commitment to focus on private rented accommodation, which in contrast to other housing sectors, is growing rapidly. The council has strengthened and relaunched its landlord accreditation scheme, while Berneslai Homes runs a private sector leasing scheme and management service which is turning empty properties into good quality accommodation homes for rent.

### Putting homes to good use

Helen Jaggard, Chief Executive, Berneslai Homes

Berneslai Homes is the ALMO for Barnsley MBC, managing some 19,500 properties. Helen spoke about two areas of its work– developing tenant scrutiny arrangements and its property management service for privately rented stock.

Berneslai Homes invited tenants to become involved in scrutinising the housing service early on in its existence. Seventy tenants came forward – many of whom were not the 'usual suspects' – and four tenant-led 'Challenge Panels' were established. These are serviced and facilitated by Barnsley Tenants Association and hold the ALMO board to account on matters relating to the housing service. The panels also consider other neighbourhood issues such as policing.

Barnsley MBC has a strong commitment to improve private rented stock and use the sector to meet local housing needs. The council uses its powers under s215 of the Town and Country Planning Act 1990<sup>4</sup> to address the high level of visible disrepair in the private rented sector. Simply issuing notices compelling landlords (many of them absentee) to make improvements has been enough to secure action in 97% of cases. Alongside this, Berneslai Homes is offering a property management service at three levels – bronze, silver and gold – providing a means for landlords to maintain standards. So far the service has resulted in 248 properties being upgraded, 59 empty homes being brought back into use and 37 families on the waiting list being housed. Berneslai manages 54 private homes through the scheme with 42 more in pipeline, and its success has resulted in significant demand from landlords wishing to join the scheme.

<sup>4</sup> Town and Country Planning Act 1990 Section 215: Best Practice Guidance, CLG 2005 <http://www.communities.gov.uk/publications/planningandbuilding/townplanningact>

## **Delivering affordable homes and sustainable communities**

Beverly Nomafo, Head of Housing Development & Growth Partnerships, London Borough of Croydon

According to Beverley, the key question for Croydon is how to address the dual objectives of meeting housing need and creating sustainable communities. The council anticipates that because the proposed housing benefit caps are well below local rent levels, it will be necessary for many tenants to move. It expects that overcrowding and homelessness will increase and more households will find themselves caught in 'benefit traps'. Beverley was clear that under these conditions: "Councils really need to work to mitigate these risks and not lose focus on the place."

"We have a massive challenge ahead of us, and we won't be able to do it alone," said Beverley. "Proper partnership working is needed." Housing and council partners need to consider how changes in stock profile and affordability will alter the mix of people living in an area and agree local lettings plans – to ensure individual schemes support the creation of sustainable communities. Partners must be clear with one another about their respective objectives. For example, the council would not want those homes that are in scarce supply, such as larger properties, to be converted to Affordable Rent. Beverley believes that councils have significant influence in such negotiations through their planning powers, their land resources and, potentially, the New Homes Bonus.

In relation to existing homes, the council is considering changing its approach to waiting lists: encouraging downsizing by providing better advice on options and 'handholding' tenants through the process of moving; as

well as building extensions in areas with a scarcity of larger homes. The council is considering introducing fixed term tenancies of between five and ten years.

## **Putting homes to good use**

Brian Johnson, Chief Executive, Moat Housing Group

Moat is a housing association which owns and manages over 20,000 homes throughout Kent, Sussex, Essex, Hertfordshire and South London. A "tough operating environment" for housing providers (which Brian said has been evidenced by a doubling in bounced direct debits over the past year) alongside the government's housing reforms are causing the organisation to rethink its service. This includes considering housing different sections of the population.

"The opportunity offered by the new [Affordable] Rent regime is removing the fossilisation of tenure attached to housing," Brian said. Moat is committed to continuing to provide housing for people on low incomes – its traditional customers. However in future it is also looking to offer routes into housing for those whose incomes may rise – and use the surpluses generated through the higher rents collected to provide more homes for lower income groups. Additionally, rather than adopting short term tenancies which threaten the stability of communities and carry an element of financial risk, Moat is looking at how it can give residents the choice to remain in their homes when their circumstances improve, but increase their rent on review of the tenancy if appropriate, up to market levels. To this end, although some barriers remain, Moat is working on developing a fully-flexible tenure.

Brian acknowledged that this approach needs to be underpinned by a more sophisticated and dynamic model for



understanding housing markets, supported by better information on household circumstances: their ability to pay, their stage in life, and the type of support they may need to manage their own housing journey. “We as housing associations need to get less squeamish about means testing,” he said. “We need to look at how we can tap into tax assessments, income assessments and such so that we can do this.”

The move to ‘localism’ has seen Moat developing much closer relationships with councils – even while those bodies are currently losing important skills through downsizing. Moat is concerned that many of the proposed government reforms will not work in certain contexts. For example Affordable Rent does not work for four bedroom properties and benefit caps may force people to downsize into properties which are simply not available. But even so, Brian was clear: “We need to keep the focus on whom we are delivering the service for and what its impact on society is... As a housing community, we have the responsibility to ensure that things join up and that the system functions.”

### **Putting homes to good use**

Nick Hooper, Head of Strategic Housing, Bristol City Council

Nick kicked off his presentation with the assertion that there is too much emphasis on new supply. “We think we are better off focussing our efforts elsewhere,” he said. For example, Bristol has a relatively large proportion of empty homes which provide a significant opportunity. The council’s empty homes strategy prioritises those properties which have been vacant for between six months to two years because interventions at this stage are seen to deliver ‘more bang for buck’. The council uses a mix of legal powers, HCA capital programme investment and incentives for owners including loans and

insurance – and will in future draw on New Homes Bonus money – to support its efforts to bring such homes back into occupancy.

Work on a strategic tenancy policy is underway and has two strands – investment and use of assets/meeting need. Bristol City Council is one of four councils making up the West of England Partnership, which has been working on investment guidance to help registered providers put together proposals for the HCA affordable housing framework.

In terms of assets, Nick made a case for modelling the impact of Affordable Rent and flexible tenure on a location over time and using this information to shape the tenancy strategy. For example, in Bristol there is a shortage of larger homes and the council would therefore wish to restrict conversions of this type of home to Affordable Rent. It might also seek to limit asset sales to meet policy aims – for example to support the creation of balanced communities. Both moves would need the agreement of landlords. Initially it is intended to introduce some five year fixed tenancies, although this may change. What is important, Nick highlighted, is that the council and its partners work together so that from the customer perspective, “there is a coherent offer”.

On home adaptations, Bristol is piloting a ‘triage’ and ‘assessment centre’ model which, it is anticipated, will reduce costs, help customers to help themselves and result in a 10-fold increase in numbers being rehoused to a suitably adapted home.

The private rented sector is seen by the council as a real opportunity – given that it currently meets the needs of two thirds of Bristol’s potentially homeless households. Landlords are offered support in the form of fast track housing benefit claims, tenant vetting and insurance.

## **Making best use of housing stock**

Chris Bowen, Housing Market Renewal Manager, Wirral Council

Wirral Council is embracing the planned reforms and moving quickly on developing a tenancy strategy with partners and residents. This will take into account a number of influences including the need to create balanced communities, tenant views and the private rented sector. “If we are producing a strategy for registered providers we need to know what private landlords are doing,” explained Chris.

Around 5,800 of the 14,000 households on the council’s housing waiting list could be housed through bringing empty homes back into use. “So while housing growth and new build is part of the solution, there is plenty more to do on empty homes,” he said. The council is taking a variety of approaches

to return them to occupancy. Chris gave examples in which communities had been invited to identify empty homes they wanted action on and where ex-offenders had refurbished homes which were later sold. The council had also re-housed some elderly owners of rundown properties and facilitated their sale to responsible developers. In other cases financial assistance had been provided to landlords in return for nomination rights.

Additionally, around two per cent of Wirral’s households are overcrowded compared with 42 per cent which are under-occupied. The council believes it can do more to address this imbalance and is launching an under-occupation incentive scheme. It is working closely with registered housing providers to achieve its objectives across all tenures.



## Discussions

### **Increased flexibility – meeting people’s changing needs**

The ways in which flexible tenancies could help councils and their partners to meet households’ changing needs over time was a hot topic of discussion across the events. In London, one participant suggested how such flexibilities could be employed. For example, a young couple with a rising income might be expected to pay a higher rent on review of their tenancy. A young family with little prospect of increasing their income may stay in the same family home for many years while the family grows up. A family with teenage children might be expected to downsize once the children have left home. Households who need a deposit to purchase a home might be helped for a limited period with discounted rent while they save.

The review at the end of a fixed term tenancy could take into account these different ‘tenancy journeys’, asking questions like: ‘is the property the right size for the current occupiers?’, ‘is the rent at the right level for their income?’ and ‘can the tenant afford to buy?’.

There was some discussion at the events about whether the reforms could allow people to stay in the same home and pay rents in accordance with their incomes up to market rent level – thereby supporting stable communities. Some delegates thought that councils might be in danger of facing legal challenges over the grounds on which they base decisions to move people on. It was noted that some councils were recognising, and giving priority to, low income working people in their allocations policies. Some thought it will only be a matter of time before fully-flexible tenure is possible.

### **Making more of the private rented sector**

Delegates were interested in how enforcement powers might be used more strategically and effectively - for more than just ‘bashing landlords’. Barnsley has gained the trust of the majority of its landlords through an active, positive engagement programme: promoting a voluntary accreditation scheme and providing an alternative leasing and management service, as well as letting them know about the council’s enforcement process.

Private sector leasing schemes are popular in a number of areas including Barnsley, Sandwell and Greenwich. From discussions it appears that it is financially sustainable and allows providers to diversify their activities. Housing Benefit changes will provide more scope for improving the sector through such schemes.

### **Perceived threats to balanced communities**

A recurring theme across the events was concern that the emphasis on increasing housing completions will shift the focus away from place-shaping and developing sustainable communities. Affordable Rent and stock disposals were seen as particular threats to the creation of stable, mixed neighbourhoods. However it was clear that the majority of councils still see their key role as ‘place makers’ and some believe that is ‘in their gift’ to maintain this focus. As one attendee put it in London: “the winners will be those who offer most housing for least money and then put that in the context of place shaping and community building.”

Responses to Affordable Rent from housing providers and residents alike are yet to be seen. Will prospective tenants avoid (higher) Affordable Rent properties? Will providers with Affordable Rent properties be tempted to give preference to those on Housing

Benefit because it is less risky for them – but also potentially trapping residents into unemployment? Or will they match working households with homes at higher rents? Many authorities were planning a ‘suck it and see’ approach by introducing a few Affordable Rent properties to begin with and waiting to see what eventuates.

One delegate reported that some registered providers are talking about selling off up to ten percent of their worst-performing housing. This could create significant housing market difficulties in some areas, depending who buy the homes – first time buyers or private landlords. Another said that providers in their area were considering selling off expensive homes to raise money for reinvestment.

### **Relationships with registered providers and others**

The quality of the relationship between councils and housing providers varies significantly from place to place and from provider to provider, although it is critical to supporting a positive tenancy strategy. One housing association chief executive told us about a council officer he had arranged to meet who greeted him by saying: “we don’t get chief execs of housing associations coming along very often.”

The view of funders is a big concern to registered providers – in relation to both Affordable Rent and payment of housing benefit direct to tenants. However, cross-subsidising schemes by providing homes for sale and for shared ownership, as well as homes at market and Affordable Rent levels provides scope to balance the financial model.

## **Key messages**

In every community, the ‘market’ will embrace a wide range of social, affordable and market rented housing and a variety of ownership models. This means that councils must develop a more refined understanding of their citizens’ housing needs, aspirations and ability to pay – and the contribution that each tenure will make.

The relationship between councils and registered housing providers will be increasingly important to formulate and implement tenancy strategies that support sustainable communities. This will require strong leadership, shared agreements around goals, and mutual trust.

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# Theme 3: Improving existing homes

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## Overview

### The changes

There has been relatively little policy change in relation to improving existing homes. The Decent Homes Programme remains a priority for social housing and councils' existing duties and powers enabling them to support and improve private housing remain<sup>5</sup>. The Energy Bill contains measures relating to the Green Deal and sets out a process for driving energy efficiency improvements in the private rented sector<sup>6</sup>. There have been modest reductions in Decent Homes funding for social housing and funding for improvements to private homes (around £300m) has ended. Councils continue to have mandatory responsibility to provide Disabled Facilities Grants (DFGs), and although the central funding has been protected, it is no longer ring-fenced and, councils are no longer obliged to match fund it. Some £100m is being made available from 2012/13, to bring empty homes into use.

### The implications

Some councils are facing shortfalls in funding for their Decent Homes programme, and are revising their business plans accordingly. The government has withdrawn any financial support for the improvement of privately owned housing. The exceptions to this are modest protection for vulnerable people in the form of DFGs and where investment in housing supports one of the government's broader objectives, such as increasing the supply of homes or improving environmental efficiency.

### The choices

Councils will continue to invest, through the HRA, in the improvement of their existing stock of dwellings. In future, however, they will have the opportunity to decide how much to invest in improvement versus new house building. They will also be free to choose how to spend their New Homes Bonus. Funding for improving public and private sector homes will come from achieving broader objectives such as reducing health problems and increasing environmental sustainability – for example by drawing on the income from Feed-in-Tariffs to retrofit homes. They may also choose to use their enforcement powers in a more strategic and proactive way to improve privately rented housing.

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<sup>5</sup> These include duties to enforce against poor standards, a duty to draw up a policy for providing support for home improvement (check this), duties to license Houses in Multiple Occupation and powers to license private housing in an area.

<sup>6</sup> Energy Bill 2010-2011 <http://services.parliament.uk/bills/2010-11/energyhl.html>

## Presentations

### Improving existing homes

Kenny Aitchison, insert job title,  
Wolverhampton City Council

Delegates heard from Kenny Aitchison of Wolverhampton City Council about plans to undertake a large scale retrofit of social housing with photovoltaic panels under the Community 'Green Deal'. The scheme is funded through a variety of mechanisms including private investment and ERDF, but by earning revenue via feed-in tariffs, will eventually become 'self-funding' – servicing its debt and financing further home improvements.

Beginning with 1,500 properties which have already been brought up to decent homes standards will enable a rapid initial rate of installations and the early establishment of an income stream. By focusing initially on social housing, the capacity of the local construction sector and other supply chains will be built up, kickstarting a programme which can then be rolled out to include private housing stock.

A special purpose vehicle will be set up to deliver the programme, which is based on a 25 year business plan. A similar scheme already underway in Birmingham has plans to retrofit approximately 200,000 homes, a scale which has been deemed necessary to attract private sector investment. Benefits to local communities are threefold: the scheme tackles fuel poverty, reduces CO2 emissions and brings local economic benefits in the form of local employment.

### Private sector renewal – the future

Ros Gil, insert job title, London Borough  
of Greenwich

Doug Stem, Insert job title, Foundations

Ros focused on the challenge for councils of improving private sector housing stock when limited grant funding support is available from government, but while demand for housing is rising rapidly along with an aging population. It is the first time since 1949 that there has not been any government funding specifically to support improvements in the private sector.

Now, government funding is found only where such improvements will contribute to other outcomes – in particular, greater energy efficiency and health outcomes. There is still some funding available for making housing adaptations for those with disabilities. However the removal of the ringfence from Supporting People budgets and the fact that councils are no longer obliged to match fund Disabled Facilities Grants means that this source is also more limited.

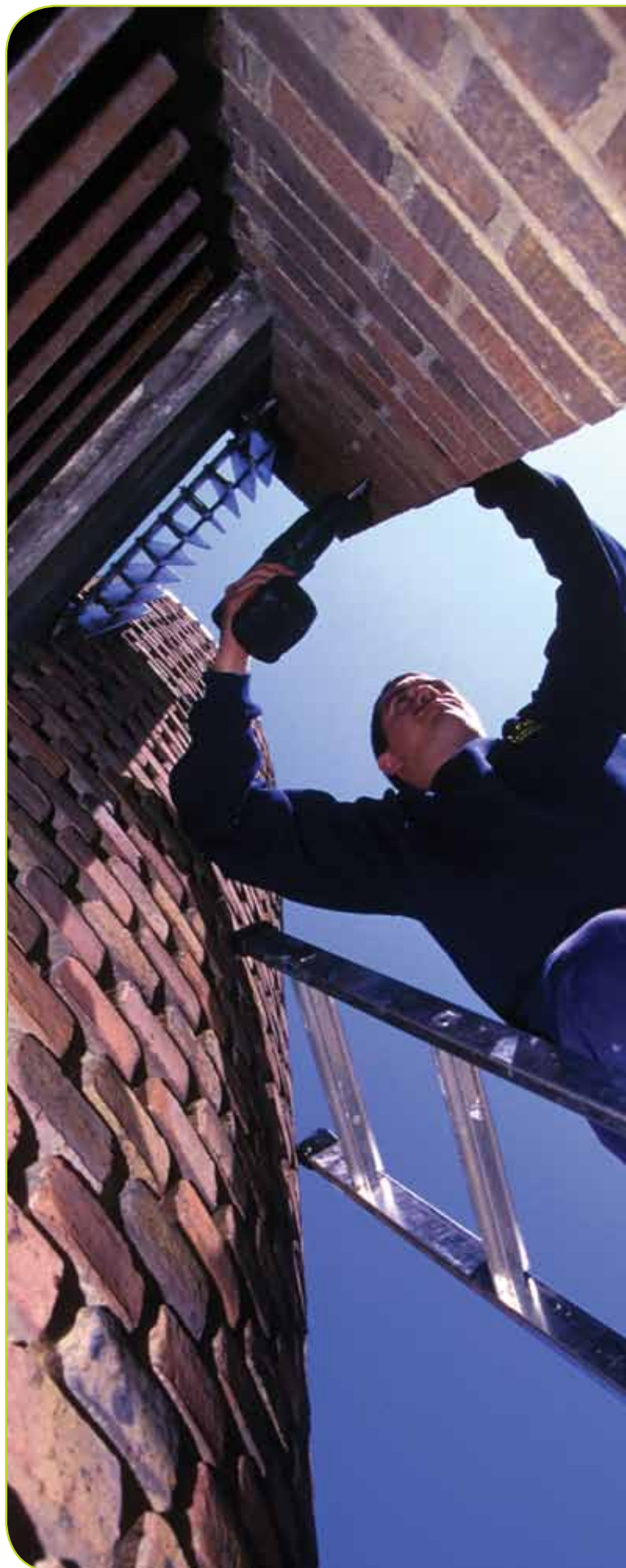
In Greenwich a Handypersons Scheme is in operation – which does essential jobs around the house for vulnerable people. Originally funded through the Housing Strategy for Older People, cuts mean it will soon be paid for by service users. Greenwich is also offering interest free loans to landlords to improve their homes, secured against the property and repaid when it is sold. As loans are paid back the money is loaned out again, and there is now a £2m fund recycling in perpetuity. "Grants have had their day", said Ros, who explained that loans could be attached to advice and support which made it more likely for improvements to result in returns on investments made.

## Private sector renewal – the future

Doug Stem, insert job title, Foundations

Foundations represents Home Improvement Agencies (HIAs) in England. HIAs are not-for-profit, local organisations which assist vulnerable homeowners and private sector tenants who are older, disabled or on a low income to repair, improve, maintain or adapt their homes. They often act as a bridge between housing, health and social care and increasingly are looking to health and social care budgets to fund improvements.

Doug spoke about three trends that will define the future – prevention, partnership and personalisation. He noted that a single hip fracture costs the health system £28,000 – equivalent to the cost of four home adaptations which could prevent the fracture occurring. This sort of benefit is evidenced in a Handypersons Toolkit produced by DCLG. He highlighted a number of examples of good practice around the country including Liverpool's Healthy Homes initiative, also featured in this paper.



## Discussion

### **The need to ‘think laterally’ when looking for funding for home improvements**

With no further government support for private sector renewal, councils need to think creatively about how they can help vulnerable home owners to maintain their homes. In some areas, private rented homes make up a significant proportion of housing and councils are increasingly looking to this sector to meet local housing needs. However they need to ensure that such accommodation is to an appropriate standard. What money there is for funding improvements is likely to come from other sources – in particular health and social care budgets, or from energy efficiency schemes such as the Green Deal.

There is an opportunity for council officers and elected members with strategic housing responsibilities to engage with the new Health and Wellbeing Boards and GP commissioning consortia (who will control significant budgets at county and unitary level) to make the case for targeted investment in housing. Participants at all five events saw the opportunities to invest in housing to support better health outcomes, and many delegates had already made connections with these bodies. Others, however, particularly those with lower tier authorities, were less sure about how to go about this. Getting involved in the content of the Joint Strategic Needs Assessment was seen as pivotal to making the link between housing and health in a local area.

### **Difficulties of forcing improvements to private rented sector**

Particularly at the Birmingham event, delegates were interested in the mechanisms available to councils to drive improvements in private rented accommodation, and how this might be incorporated in any tenancy strategies they adopt.

Using enforcement powers in a more strategic way was raised as one option. This could include, for example having a proactive method to identify properties in need of renewal and addressing them systematically. Or it could include using enforcement officers to identify other needs when they enter tenants’ homes, and making referrals to other appropriate agencies – removing the need for those agencies to do separate outreach work.

Private leasing schemes were evidently popular across the country. In one delegate’s area a pilot private leasing scheme sees landlords agreeing to hand over properties to the council for between three and five years. The council makes repairs to bring the property up to standard and subsequently leases the property to recoup its investment. However, the same authority has around 70 per cent of its housing in owner-occupation – housing a sizeable proportion of the authority’s vulnerable residents. The authority is considering implementing a social enterprise repairs scheme to address this.

Voluntary accreditation schemes for private landlords were being used successfully in a number of areas to build relationships with landlords and raise standards in private rented accommodation.



## Key messages

Councils need to identify how home improvements can deliver health, energy efficiency and other social outcomes. This can provide the basis for funding bids.

In future, the private rented sector will play an even more important contribution to meeting needs. Councils should carefully consider how best to work with private landlords to improve stock condition and management. Councils have significant powers and new funding (for empty homes) that they can use proactively; a mixture of enforcement and support is likely to achieve the best outcomes.



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# Theme 4: Supporting vulnerable people and communities

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## Overview

### The changes

Generally, government reforms are driving more personalisation of care and support. By 2013 every person who receives financial support through Adult Social Care will have a personal budget, enabling them to decide where they spend their allocation. This will change the market for health, care and support services. Responsibilities for public health will move from PCTs to councils, while new Health and Wellbeing Boards at upper tier level will have a duty to encourage integrated working. They will draw on Joint Strategic Needs Assessments (JSNAs) to prepare Joint Health and Wellbeing Strategies that inform commissioning<sup>7</sup>. Both capital and revenue funding available for supported housing is being decreased. Communities are being expected to do more to look after themselves and their vulnerable people under the banner of the 'Big Society'.

### The implications

It is likely that fewer supported housing schemes will be developed for two reasons. There will be less capital available for new homes and individuals will have more choice over who their care and support providers will be which places uncertainty over providers' revenue streams.

The JSNA will increase in significance as a source of local intelligence. Adult social care budgets are likely to focus more on critical cases and on re-ablement to reduce the length of hospital stays. The removal of the ring-fence from the Supporting People budget makes it likely that some councils will significantly reduce the amount they spend on housing-related support.

### The choices

Councils may decide to 're-commission' some existing supported housing schemes, for example making them suitable for different client groups. They may wish to promote an expansion of different models of floating support, so that people can receive more appropriate help in their own homes on a more flexible basis. There are choices around how 'housing' is represented and understood by the new Health and Wellbeing Boards and how relevant information is incorporated into the JSNA. Councils could provide a better platform for partners in housing and other local agencies, to coordinate and integrate their community-facing work to provide better outcomes within a locality.

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<sup>7</sup> Part 5 of the Health and Social Care Bill <http://services.parliament.uk/bills/2010-11/healthandsocialcare/documents.html>

## Presentations

### Supporting vulnerable people and communities

Helen Trousdale, County Commissioner  
Older People & Prevention, Staffordshire  
County Council

Helen's presentation explained the work of the Joint Commissioning Unit (JCU) – a partnership between Staffordshire County Council, South Staffordshire PCT and NHS North Staffordshire. The unit's goal is to move demand and spend away from crisis intervention and towards 'prevention' – to reduce the need for acute hospital care. Its aim is to "enable every citizen in Staffordshire to live as independently as possible"<sup>8</sup>.

Helen predicted that there will be a reduction in the development of new supported housing and suggested that what is built will be based on robust evidence contained in the JSNA. This key source of intelligence is currently not updated regularly, interpreted well or aligned to the Local Investment Plan. The NHS has a new process for implementing Quality, Innovation, Productivity and Prevention (QIPP) and new Health and Wellbeing Boards will see 'health and wellbeing' as core business for councils. But she emphasised that the onus was on councils to make the links between housing and health explicit: "Housing people need to convince us that what they are doing has a direct impact on the pressure points we are dealing with."

Smaller budgets are demanding a new style of commissioning and the JCU is taking a 'blank sheet' approach to this. For example, its Disabled Facilities Grants process has been redesigned 'from scratch' – and by talking to various commissioners about

how specific interventions will produce the outcomes that they want, an additional £900,000 has been found to support the process.

The JCU's new commissioning style will be locally driven, reflecting what local people say they need and want. One example Helen used was of a new 'Community Wellbeing Fund,' bringing together funding from housing support and the county council. This is now used to resource small groups to help deliver JCU objectives. A small group of people with personal experience of supporting relatives through dementia successfully bid for a small grant (less than £1,000). They used it to set up Alzheimers cafes to help support people with dementia and their carers by providing a place for people to come together informally and support each other.

### Supporting vulnerable people and communities

Sue Perry, Head of Public Health, NHS  
Wakefield District/Wakefield Metropolitan  
District Council

Sue told delegates that they should see Health and Wellbeing Boards as a real opportunity. "These could be about health and social care alone, or we can make sure they have wider representation which means they commission outside the usual sphere," she said. The Health and Social Care Bill says that in addition to specific representatives, 'other such persons as the council thinks appropriate'<sup>9</sup> can be represented on these boards. This could include officers or elected members with strategic housing responsibilities. In Wakefield, Public Health will be a separate entity with a director who is part of the council's management team, and which will integrate into all other directorates.

<sup>8</sup> Goal expressed in the JCU's new draft Joint Commissioning Strategy currently out for consultation

<sup>9</sup> See clause 178 of the Health and Social Care Bill <http://services.parliament.uk/bills/2010-11/healthandsocialcare/documents.html>

There will be a small ring-fenced public health budget, while GP consortia will have control of significant resources. A show of hands revealed that some delegates were already talking to GP consortia in their localities.

Sue said that evidence that people have to be in a 'good place' – in good housing, with family support, and not in poverty – in order to make changes in their lifestyle and behaviour, is leading changes in public health<sup>10</sup>. Wakefield is creating an outcome-based performance framework and is also undertaking a Joint Strategic Asset Assessment alongside its JSNA to get a clear picture of the resources available to meet needs. Sue believes that working with communities and other agencies as partners will be key to its success.

### **Supporting vulnerable people and communities**

Helen Wordsworth, insert job title, Wakefield and District Housing

Wakefield and District Housing (WDH) is a social landlord with responsibility for over 31,000 homes in the Wakefield District. Helen followed Sue's presentation with a description of the Smarter Lifestyles Programme, which aims to go beyond looking at just housing and the physical environment to improve other aspects of people's lives. It is informed by a face-to-face resident questionnaire and supported by at least ten partners including the PCT, Jobcentre Plus and a debt advisor. The programme is built on an understanding that the landlord is an ideal 'go-between' – bridging the gap between residents and other services.

The PCT funds case workers within WDH. They aim to build a trusting, ongoing relationship with residents and thereby get an insight into any underlying problems such as drugs and alcohol dependency or mental health issues. The case workers signpost residents to relevant agencies at a pace the individual feels comfortable with. The programme takes an 'asset approach', seeing the individual as capable of identifying their own route to greater independence, helping them to reconnect with the community and drawing on the full range of assets within it.

Helen illustrated the nature and scale of savings realised through the programme with the example of a woman ex-offender on a methadone programme who told her case worker that she was pregnant. She received support, including attention from specialist midwives from a drugs agency to keep her and her unborn child healthy; and advice on benefit entitlements. Intervention at this stage prevented costs being incurred later on, including potentially providing care for a child with foetal alcohol syndrome, social services for the child, eviction costs and ongoing health costs for the mother.

### **Modernising supported housing: a community based approach**

Joy Kingsbury, Director, Synergy Housing

Synergy Housing is an affordable property management and development organisation with 9,000 properties across Dorset, Wiltshire and Hampshire. Delegates heard how the organisation is developing approaches to supporting and building communities – rather than just those in need of in-house support – by agreement with the council's Supporting People team.

<sup>10</sup> The Marmot Review <http://www.marmotreview.org> has drawn attention to the wider determinants of health and particularly of the positive effect that 'reducing social isolation' can have on people's health.

Synergy is continuously expanding its range of activities so that people can find support which suits them, and to help them maintain healthy lifestyles. This means working with non-traditional partners such as supermarkets and local colleges to redesign elements of their services where necessary. As Joy pointed out: “Lots of business organisations have social aims and they will get more business by working in new ways too.” For example, Synergy persuaded Tesco to waive delivery charges for their clients. It is committed to:

- adopting community-based objectives, such as tackling worklessness, reducing social isolation, reducing poverty
- focusing on ‘enabling’ rather than ‘doing’
- offering group support as well as one-to-one support
- pooling elements of personal budgets – to purchase a service collectively;
- supporting independence – for example through better use of assistive technology
- overcoming barriers to creativity as they arise.

One successful service makes computers available for use by residents. But by going a step further and inviting college students to teach older people how to use them – they enable older people to learn, to become more independent and to stay in touch with people they know, helping to reduce social isolation.

## **Healthy Homes Programme**

Ian Watson, Programme Coordinator, Healthy Homes Programme, Liverpool City Council

In 2008, the PCT commissioned Liverpool City Council to reduce health inequalities. The Healthy Homes Programme was established in April 2009.

Ian explained that all 291 of the city’s super output areas were ranked using a ‘Health Poverty Index’, made up of around 12 factors, to identify areas of the city that are health-deprived. People living in these areas were prioritised for a visit from one of the programme’s case support workers. So far, 13,557 properties have been visited from a target of 25,000.

With home environments having been identified as a major contributor to poor health, case workers undertake an assessment which takes into account the health-related needs of each occupant as well as the property condition. On the basis of this they make referrals to relevant agencies such as Age Concern, a dentist, the fire service or Environmental Health for a Housing Health and Safety inspection. They promote home safety information, tackle fuel poverty and take enforcement action out against landlords as necessary.

Next in line for a visit are households on the housing waiting list, said Ian, where people are citing disrepair as a reason for their housing need. “In some cases, people haven’t wanted us to come out at all. In others, we’ve visited and there are real issues while in others, there has been no problem. Either way, it has helped reduce the waiting list.”

## Discussions

### Engaging with health in a post-PCT world

There was general agreement that now is the right time to be talking to the new GP consortia, as they will control significant budgets. These bodies have to introduce personal health budgets for ‘frequent fliers’, and may be penalised if their patients are readmitted to hospital within a certain time period. With every hospital admission costing a GP in the region of £500 and every day in hospital costing £200 they have a strong interest in keeping people out of hospital and for example, might be interested in funding handrails to prevent this. However, GPs are unlikely to come looking to engage with housing authorities – housing will have to go to them and demonstrate how they can make a difference.

Another starting place for housing people might be an official with strategic responsibility in the PCT, public health, social care or commissioner of older people’s services. How best to engage with health depends to some extent on local structures and existing relationships. In Liverpool, the council had a very good relationship with the PCT prior to the commencement of the Healthy Homes Programme, and now partners are looking at options for continuing it.

There is a particular challenge here for district authorities whose housing representatives will have to engage with Health and Wellbeing Boards at a county level. One delegate suggested that “there is a role here for health scrutiny”.

Given the links between housing and health, many delegates agreed that ensuring housing is embedded in Joint Strategic Needs Assessments is a priority. Although most acknowledged that it would be up to them as housing professionals to do the ‘legwork’

to achieve this, one delegate in Birmingham said that the environmental health officer working on the JSNA in his area had been “hammering at the door to get housing in the document,” probably because they were a Total Place pilot and those connections had been explicitly raised as part of that work.

### Data and evidence

With more freedoms and flexibilities in council spending, Disabled Facilities Grants are potentially competing for funds with a road building project. There is a real need to make an argument for what money there is available. The need to find an economical way to build the evidence base and so make a strong case for funding housing improvements was high on the discussion agenda across all five events. Delegates were aware of the need to make a business case, for example to link the cost of a home adaptation to prevent falls to the cost of a fractured hip. Some thought that individual case studies were the best way to convince other partners – real life stories which illustrate the benefits in an accessible way. Of course the business case also needs to stack up for the housing provider.

There are some national studies showing a correlation between cold homes and falls, including work on a cost calculator for top hazards by the Chartered Institute of Housing and BRE. Local-level evidence is also important: Liverpool has evidenced the cost-benefits of its programme with BRE. Synergy Housing measured falls using fall alarms – the control centre measured 500 falls every three months, which reduced significantly when homes had been adapted. Measuring social isolation is more subjective – but as Sue Perry asked in Bristol: “why actually couldn’t we measure perceptions for this?”

Very few Local Investment Plans include supported housing needs (apart from extra

care) – suggesting it has become separated from planning on housing overall.

### **Developing a community-based approach**

The difficulty of developing an approach to housing which encompasses broader community building aims – given the financial implications of doing so, and that some registered providers are thinking of pulling out of supported housing altogether – was discussed. However a number of speakers and delegates suggested that the challenge could be met by working in partnership with other service providers in a locality to fill gaps and avoid overlaps to deliver the needs of the community for the pot of money available.

It was pointed out that housing sometimes lacks representation in local partnerships, partly because multiple housing providers in a single locality are seen as competing with one another. Although this is often not the case – we heard a number of examples where housing providers are working well together – there is a clear role for strategic housing representatives to sit on such structures.

Using existing assets and resources in different ways can also achieve more for less, for example giving tenants the opportunity to do the gardening rather than getting an outside contractor in; or asking frontline care workers where things can be improved.

### **Targeting**

Efficiencies can be achieved by better targeting of resources. The Liverpool Healthy Homes programme uses the Health Poverty Index to prioritise areas of the city, whereas the Wakefield scheme works in 12 priority neighbourhoods and every new tenant does a self-assessment. Both use case workers to further identify needs of individuals and to target resources appropriately.

These issues have implications for tenancy policies. For example if a council is trying to match households with different forms of tenures, there needs to be a dialogue about the suitability of housing to support the prevention agenda.



## Key messages

Housing professionals need to build relationships with Health and Wellbeing Boards. They need to understand Boards' specific goals, demonstrate how housing can support them, and evidence value for money and efficiency in doing so.

Councils could expand the range of floating support available to people in general housing as an alternative to new integrated supported housing schemes. They could do this by co-producing with service users, allowing them to shape future services.

Councils must include relevant housing information within the JSNA and use it in a consistent manner to inform capital and revenue investment through the Local Investment Plan, the new Health and Wellbeing Strategy, and any Joint Commissioning (care or support) Strategies.

Councils might want to consider adopting housing-led programmes focused in deprived areas, (such as those in Dorset, Liverpool and Wakefield) to improve residents' health and wellbeing, to prevent acute needs from emerging with the consequent resource savings.

Aids and adaptations programmes offer significant potential for cost-savings – both in terms of how they are funded and the savings that can be made in acute care.

Whole-community or group approaches to supporting people can provide benefits by deepening relationships between citizens, reducing isolation and increasing purchasing power and efficiency.





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# Appendix

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Our thanks go to all those who took part in the events, including member chairs, presenters and respondents, for the high quality of their contributions.

## Acknowledgements

Full list of speakers and chairs who contributed to the five events

<b>Chairs</b>		
Councillor David Smith	Leader of Lichfield District Council Member of LG Group Environment and Housing Board	Birmingham
Councillor Janet Battye	Leader of Calderdale Metropolitan Borough Council	Leeds
Councillor Tony Newman	Leader of Opposition, London Borough of Croydon Council Member of LG Group Environment and Housing Programme Board	London
Councillor Mike Haines	Deputy Chair, LG Group Environment and Housing Board	Bristol
Councillor Paul Brant	Deputy Leader, Liverpool City Council	Liverpool
<b>Overview presentation</b>		
Lee Shostak	Director, Shared Intelligence	All 5 events
Merron Simpson	Director, New Realities	All 5 events

## Theme 1: Increasing the supply of housing

Paul Spooner	Executive Director - Midlands, HCA	Birmingham
David Curtis	Executive Director - North East, Yorkshire and The Humber, HCA	Leeds
Councillor Peter Gruen	Chief Whip, Leeds City Council; Executive Board Member Neighbourhoods and Housing	Leeds
Terry Fuller	Executive Director - East and South East, HCA	London
Councillor Brian Horton	Strategic Housing Advisor, Kent County Council	London
Jim Bennett	Head of Corporate Strategy, HCA	Bristol
Councillor Anthony Negus	Executive Member for Strategic Housing & Regeneration	Bristol
Deborah McLaughlin	Executive Director North West, HCA	Liverpool

## Theme 2: Putting homes to good use

Richard Kershaw	Group Leader Strategy and Regulation - Strategic Housing, Barnsley MBC	Leeds
Helen Jaggat	Chief Executive, Berneslai Homes	Leeds
Beverley Nomafo	Head of Housing Development & Growth Partnerships, London Borough of Croydon	London
Brian Johnson	Chief Executive, Moat Housing Group	London
Nick Hooper	Head of Strategic Housing, Bristol City Council	Bristol
Chris Bowen	Housing Market Renewal Manager, Wirral Council	Liverpool

**Theme 3: Improving existing homes**

Kenny Aitchison	Principal Development Officer - Regeneration & Environment Wolverhampton City Council	Birmingham
Rosalind Gill	Head of Disability and Home Improvements. LB of Greenwich	London
Doug Stem	Development Consultant, Foundations	London

**Theme 4: Supporting vulnerable people**

Helen Trousdale	County Commissioner Older People and Prevention, Staffordshire County Council	Birmingham
Sue Perry	Head of Public Health, NHS Wakefield District/Wakefield MDC	Leeds
Helen Wordsworth	Director – Strategic Partnerships Wakefield & District Housing	Leeds
Joy Kingsbury	Director of Care and Support, Synergy Housing	Bristol
Ian Watson	Programme Co-ordinator - Healthy Homes Programme, Liverpool City Council	Liverpool

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The Local Government Group is made up of six organisations which support, promote and improve local government.



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For a copy in Braille, Welsh, larger print or audio, please contact us on 020 7664 3000.

We consider requests on an individual basis.

Dear

I am writing to express my concerns with the Government's proposals for housing finance reforms to the Housing Revenue Account (HRA) as proposed in the new Localism Bill.

As you will know, councils have long called for reform of housing finance, and therefore welcomed reforms of the HRA which will mean that we can keep all of the rents from social housing to invest directly back into local housing stock. Previously councils were required to send all these rents to the Treasury, from where they were redistributed across the country using a complex, centrally-fixed formula. Now, councils with an HRA will "buy out" of the Account, taking on a level of national housing debt, and keep all rents accrued locally. Self-financing should allow **(x) council** to better invest in, and plan for, social housing for the future.

However, Clause 142 of the Localism Bill will give the Secretary of State the power to revisit, and change, the "buy out" figure at any time in the future, and therefore require councils to pay more money to the Treasury. This is in complete opposition to the idea behind HRA reform, which was to give councils a "clean break" from the previous inefficient system and to allow us financial certainty so we can invest for the future.

The power for the Secretary of State to force councils to pay more money, following their "clean break", is unfair and runs counter to the basic principles of self-financing. It will seriously constrain our ability to plan for the long-term and will threaten long-term housing investment in **(x)**.

I therefore urge you to write to Greg Clark MP, the Decentralisation Minister, to set out our local concerns and to let me know of any response you receive. The Local Government Association will be campaigning for complete removal of this power for the Secretary of State – please register your support for any amendments made at Committee Stage or beyond to strike this Clause from the Bill.

I look forward to hearing from you.



# Community Land Trusts in a nutshell



*'We've lost  
our local  
post-office'*

*'Young families can't  
afford to stay in the  
neighbourhood'*

*'Our local  
pub has had  
to close'*

*'We need housing  
that is permanently  
affordable, not just for  
one generation'*

Sound familiar?

A CLT may be the answer...

# What is a Community Land Trust (CLT)?

A CLT is a non-profit, community-based organisation run by volunteers that develops housing or other assets at permanently affordable levels for long-term community benefit.

It does this by separating the value of the building from the land that it stands on and, in the case of shared-equity homes, fixing the resale percentage. The CLT holds the asset in trust for long-term community benefit.

## Diverse sector but common aims

CLTs range in size, can be rural or urban and provide a variety of housing tenures as well as other community facilities, including workspaces, energy generation, community food and farming.

They take a variety of legal forms, although a CLT is usually constituted as an Industrial and Provident Society or Company Limited by Guarantee, and may or may not have charitable status. CLTs are legally defined in the Housing and Regeneration Act 2008, Section 79.

Despite the diversity in the sector, CLTs tend to have in common the aims of:

- Meeting local housing need
- Providing long-term community benefit.

## Why set up a CLT?

There are a number of benefits to setting up and running a CLT:

- CLTs are locally driven, controlled and democratically accountable
- CLTs can meet local housing need even in areas with very high house prices
- CLTs, by retaining an equity share in each property, provide housing that is permanently affordable, benefitting many generations of residents
- CLTs give the community an asset for the future
- CLTs genuinely empower local communities, where communities are part of the vision and solution for their local area.





# Frequently asked questions

## How do you set up a CLT?

A good place to start is to check out the CLT step by step guide, found on the National CLT Network website: [www.communitylandtrusts.org.uk](http://www.communitylandtrusts.org.uk). A summary of the key steps involved are set out below, although they will not necessarily be taken in this order:



## How does a CLT get hold of land?

There are a number of possible sources of land. A CLT may:

- Receive public land at little or no cost;
- Purchase a rural exception site at about agricultural value;
- Acquire a site at open market value, through access to grant funding or community share issues;
- Already own a site that is permitted for development.

## How does a CLT get funding?

### There are a number of sources of pre-development funding:

- **CLT Fund:** (see [www.cltfund.org.uk](http://www.cltfund.org.uk))
  - **Feasibility Fund:** one day consultancy support and guidance for a fledgling CLT by a CLT expert
  - **Technical Assistance Fund:** grants of up to £2,500 for up to five days consultancy assistance to develop the initial ideas into a business plan that is investment ready
  - **Investment Fund (for charitable projects only):** Pre-development finance to cover tasks like conducting site surveys, employing the design team and obtaining planning permission
- **Local authorities:** some may be able and willing to support pre-development costs
- **Parish council precepts** could be a potential source of funding

### Development finance sources include:

- **CLT Fund:** Investment Fund (charitable projects only): capital loans to top up commercial development financing already secured
- **Local authorities:** local authorities have the power and may be willing to provide development finance, be that through a capital grant, revolving loan or deferred interest payment upon completion
- **Ethical lenders:** Ethical lenders may be sympathetic to providing loans to CLTs
- **Homes and Communities Agency (HCA) grant:** The HCA have supported some CLT schemes to date and the Affordable Homes Programme Framework 2011-15 gives CLTs the option of either joining a Consortia of Registered Providers or applying independently for grant to deliver schemes that meet certain criteria, including value for money

For the latest on funding opportunities visit: [www.communitylandtrusts.org.uk](http://www.communitylandtrusts.org.uk)

## Can a CLT partner with a housing association?

Some of the most successful CLTs have benefited from partnering with a not-for-profit housing association to develop and manage their homes. There are a number of ways that a CLT can partner with a Housing Association. For more advice please contact the National CLT Network.



# What support is available?

The National CLT Network provides resources, training, events for CLTs – visit the website [www.communitylandtrusts.org.uk](http://www.communitylandtrusts.org.uk) or contact the Network on [clt@housing.org.uk](mailto:clt@housing.org.uk) or 020 7067 1191.

There are a number of sub-regional support bodies or umbrella CLTs that can provide technical advice and support to a CLT:

## South-West

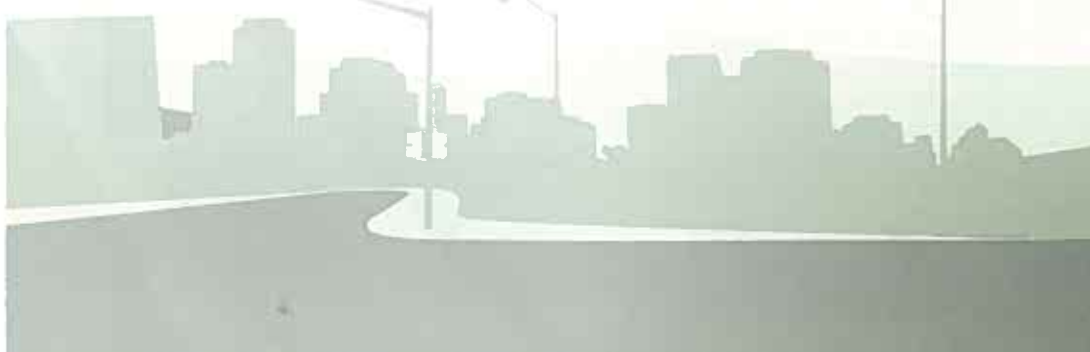
- **Cornwall**  
Cornwall CLT  
Alan Fox, [alan@crha.org.uk](mailto:alan@crha.org.uk) or tel 01208 892005
- **Devon, Dorset and Somerset**  
Somerset, Dorset and Devon CLT Project  
Steve Watson, [steve.watson.cltproject@gmail.com](mailto:steve.watson.cltproject@gmail.com)
- **Wiltshire**  
Wiltshire Rural Housing Association  
Rose Seagrief, [Rose@wrha.co.uk](mailto:Rose@wrha.co.uk) or tel: 01380 850916
- **Gloucester**  
Gloucestershire Land for People Ltd  
[info@gloucestershirelandforpeople.coop](mailto:info@gloucestershirelandforpeople.coop) or tel: 08453 457 599

## East Anglia

- **Suffolk, Cambridgeshire, Bedfordshire, Hertfordshire and Essex**  
Foundation East,  
Phil Rose, [phil@foundationeast.org](mailto:phil@foundationeast.org)

## North-West

- **Cumbria**  
Cumbria CLT project  
Andy Lloyd, [andy@crht.org.uk](mailto:andy@crht.org.uk) or 01768 210265



## Join the National CLT Network

The National CLT Network supports and promotes the work of CLTs. The Network is a membership body and is open to emerging CLTs, fully-fledged CLTs and organisations and individuals with an interest in the sector from across the United Kingdom.

Being a member of the Network entitles you to a number of benefits that are invaluable to delivering a CLT. For more information see the National CLT Network website:  
[www.communitylandtrusts.org.uk](http://www.communitylandtrusts.org.uk)



### Contact the National CLT Network

[www.communitylandtrusts.org.uk](http://www.communitylandtrusts.org.uk)

[clt@housing.org.uk](mailto:clt@housing.org.uk)

0207 067 1191

[www.communitylandtrusts.org.uk](http://www.communitylandtrusts.org.uk)

# Review of Spending Power figures for 2011/12

Comparison between Urban and  
Rural

# Spending Power Figures 2010/11

- ‘Spending Power’ is the new currency
- Figures take from the Communities Website
- They cover Government Funding and Council Tax, the two main sources of income which make up budget requirement
- Analysed by Predominantly Rural and Predominantly Urban resident
- But also Significant Rural

# The Four Block Model

- Needs
- Resources
- Central Allocation
- Damping aka 'Floors and Ceilings'
- Rolled-in Grants
- Council Tax

£118 more per head provided to meet 'needs' in urban areas than in rural areas

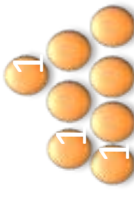




# The Funding Gap between rural and urban



£118 more 'needs' in urban areas

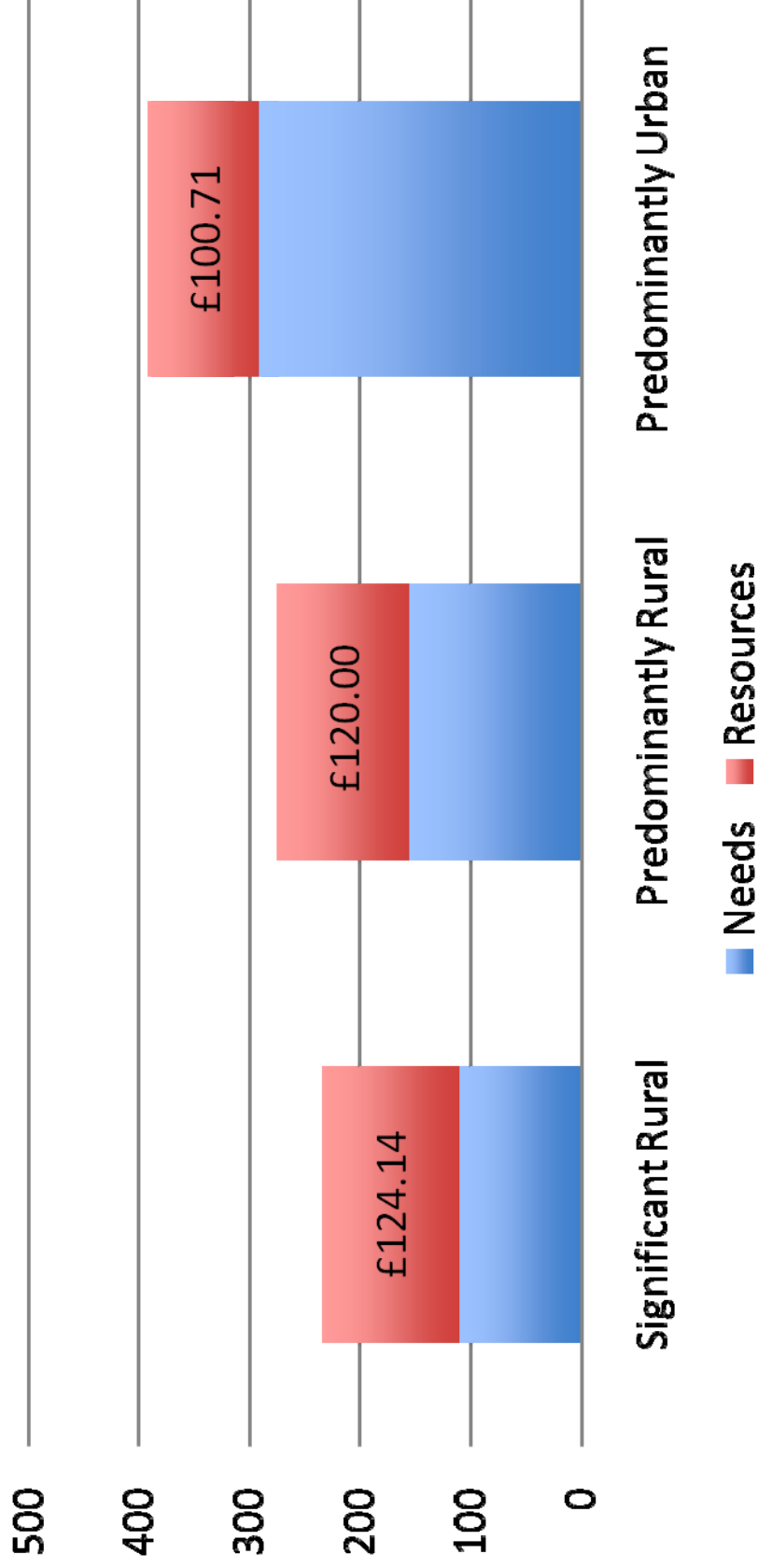


£+118

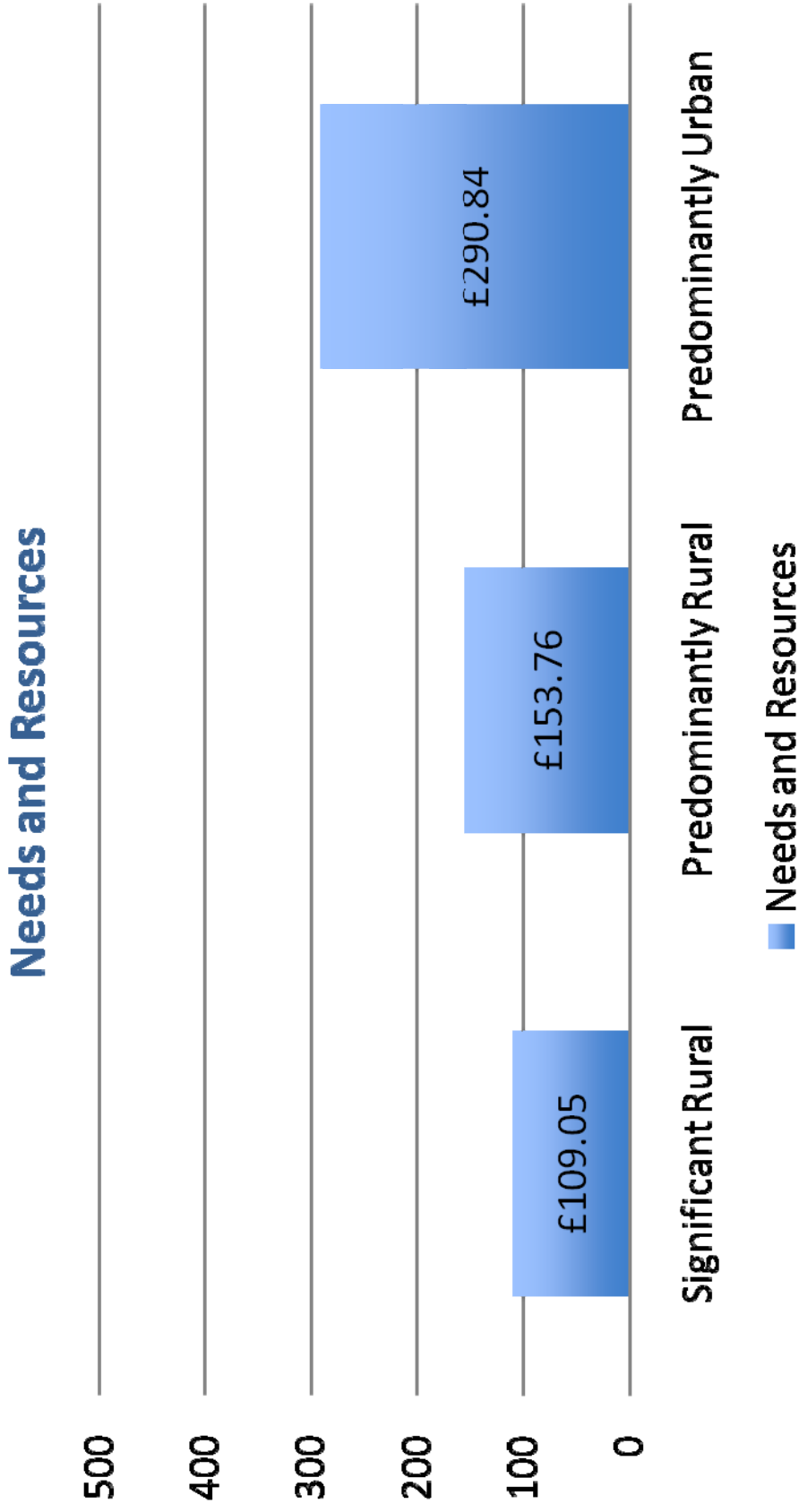


£19 more per head deemed capable of being generated locally in rural areas

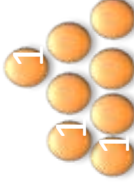
**Resources is subtracted from Needs**



# £137 more per head provided for urban areas for 'needs' taking account of 'resources'



£19 more deemed to be raised locally in rural areas



£+118



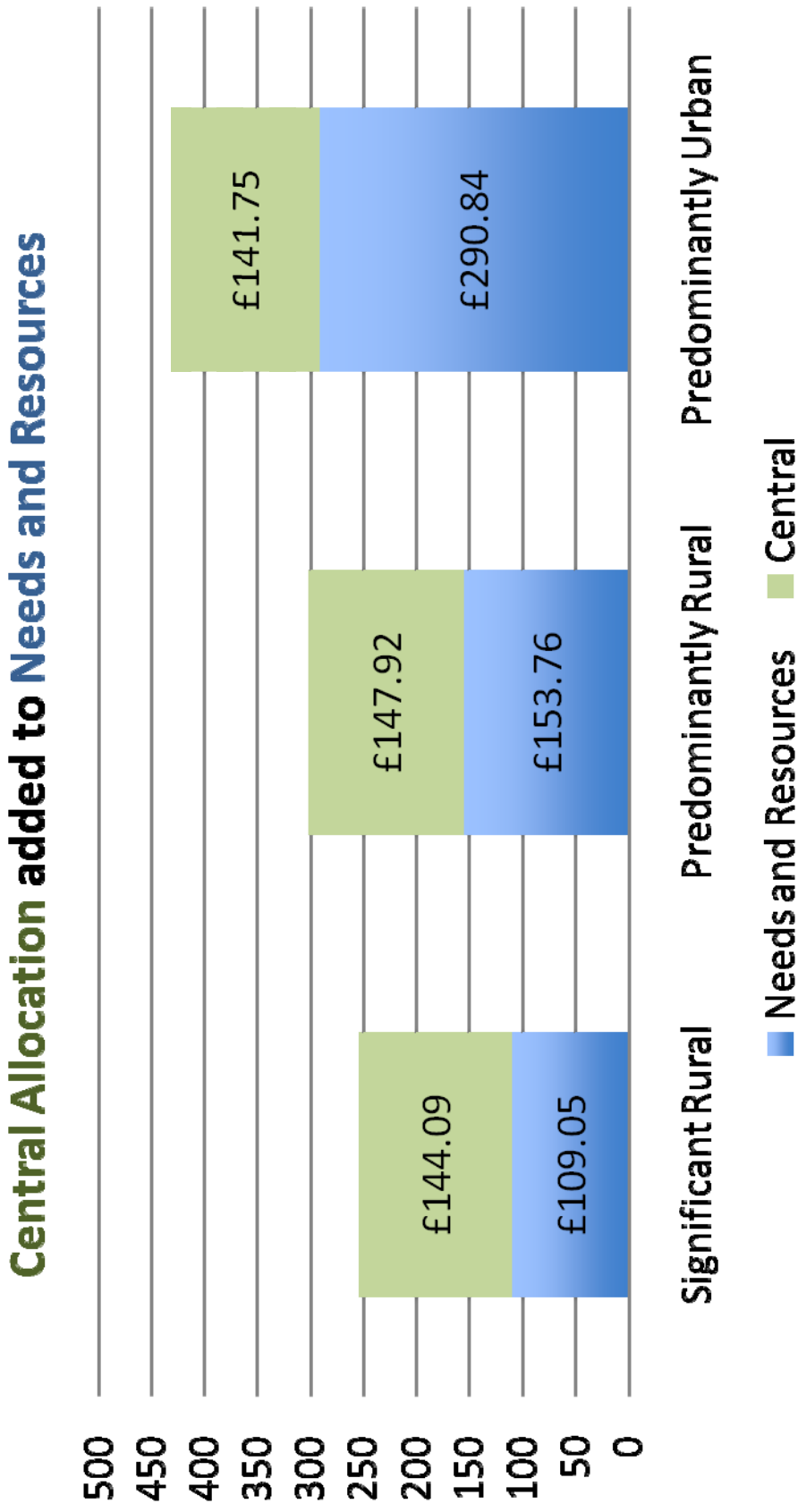
£19 more deemed to be raised locally in rural areas



£+137



# Central Allocation provides £6 per head more in Predominantly Rural Areas



£6 more central allocation for rural areas



£+137





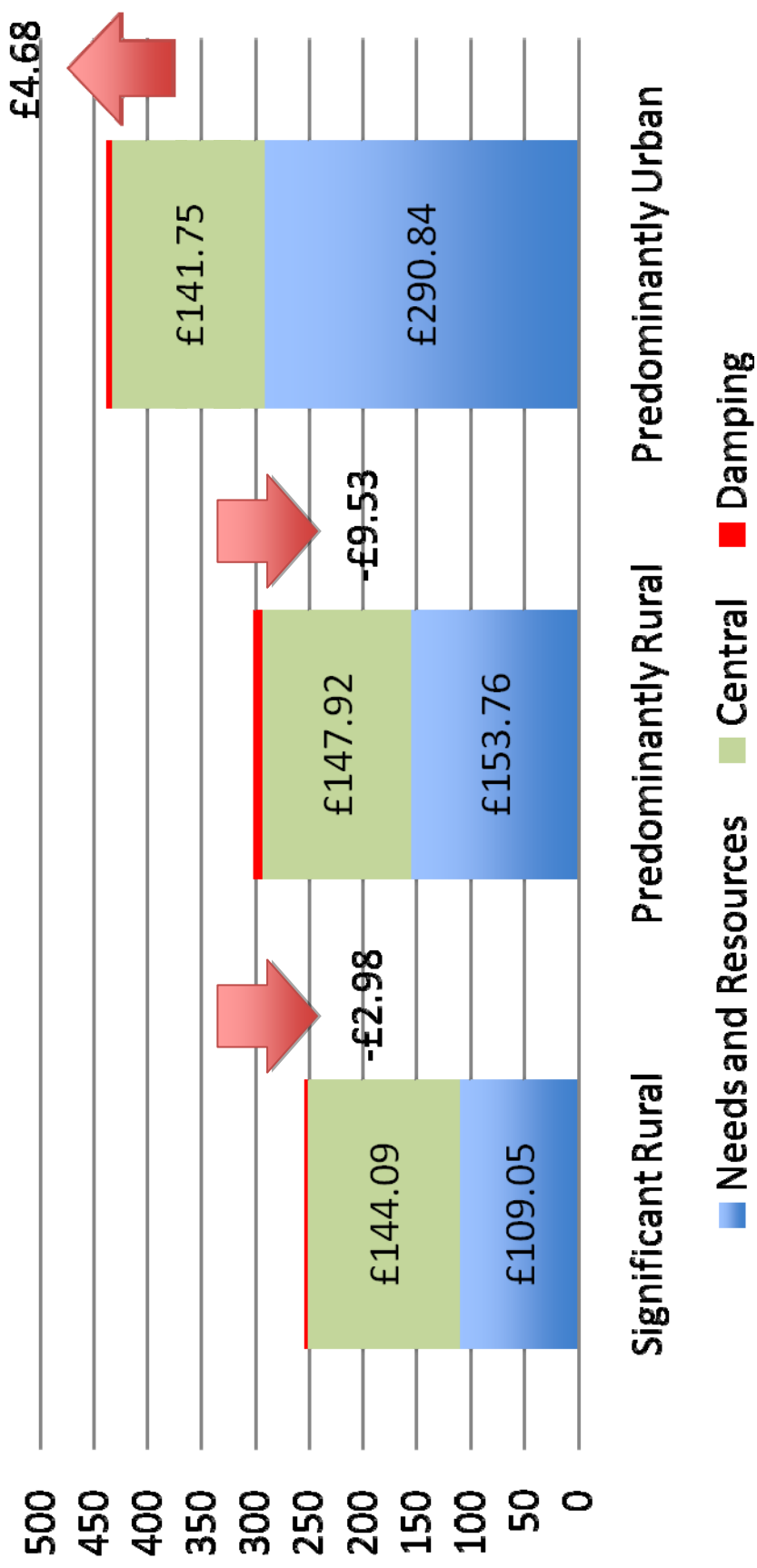
# £6 more central allocation for rural areas

£+131

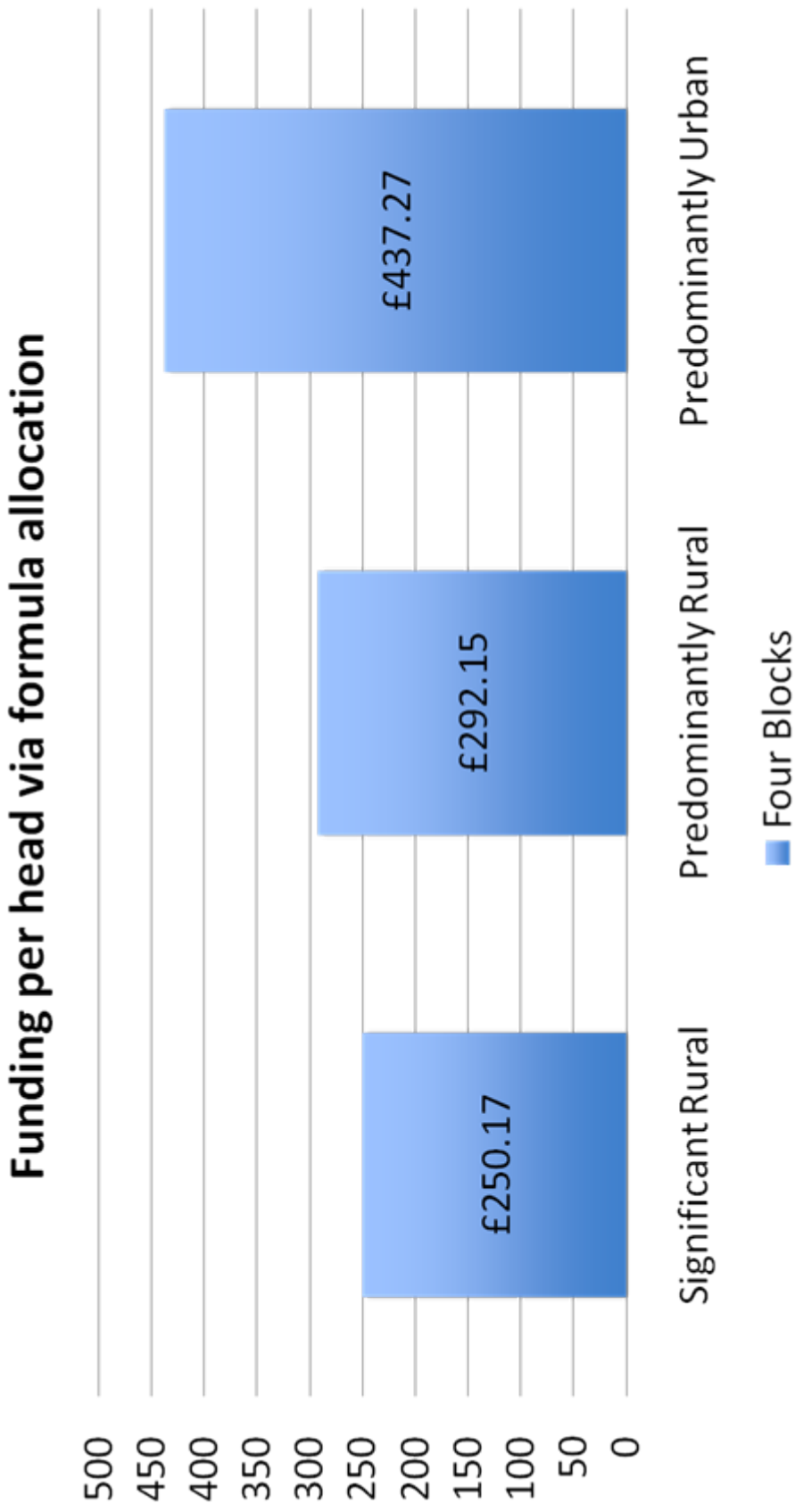


# Damping widens the gap by a further £15

**Damping** adds funding for PU but reduces for PR



# Government Funding via the 4 blocks



# Urban areas gain £14 more through damping

£+131



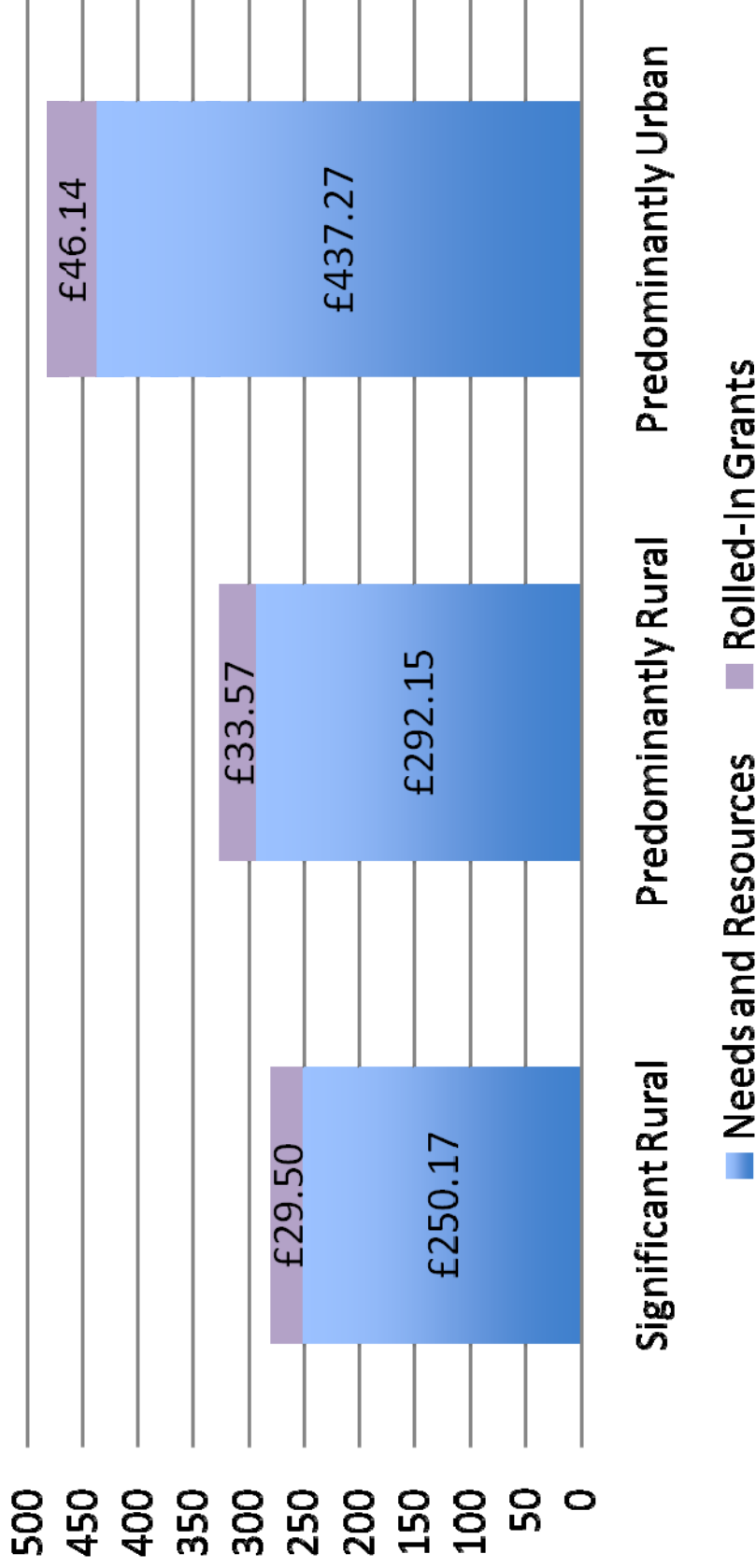
# Urban areas gain £14 more through damping

£+145



Some grants previously outside formula have now been rolled into the main formula

### Rolled-In Grants



£13 more 'rolled-in' grants in urban areas

£+145



# £13 more 'rolled-in' grants in urban areas

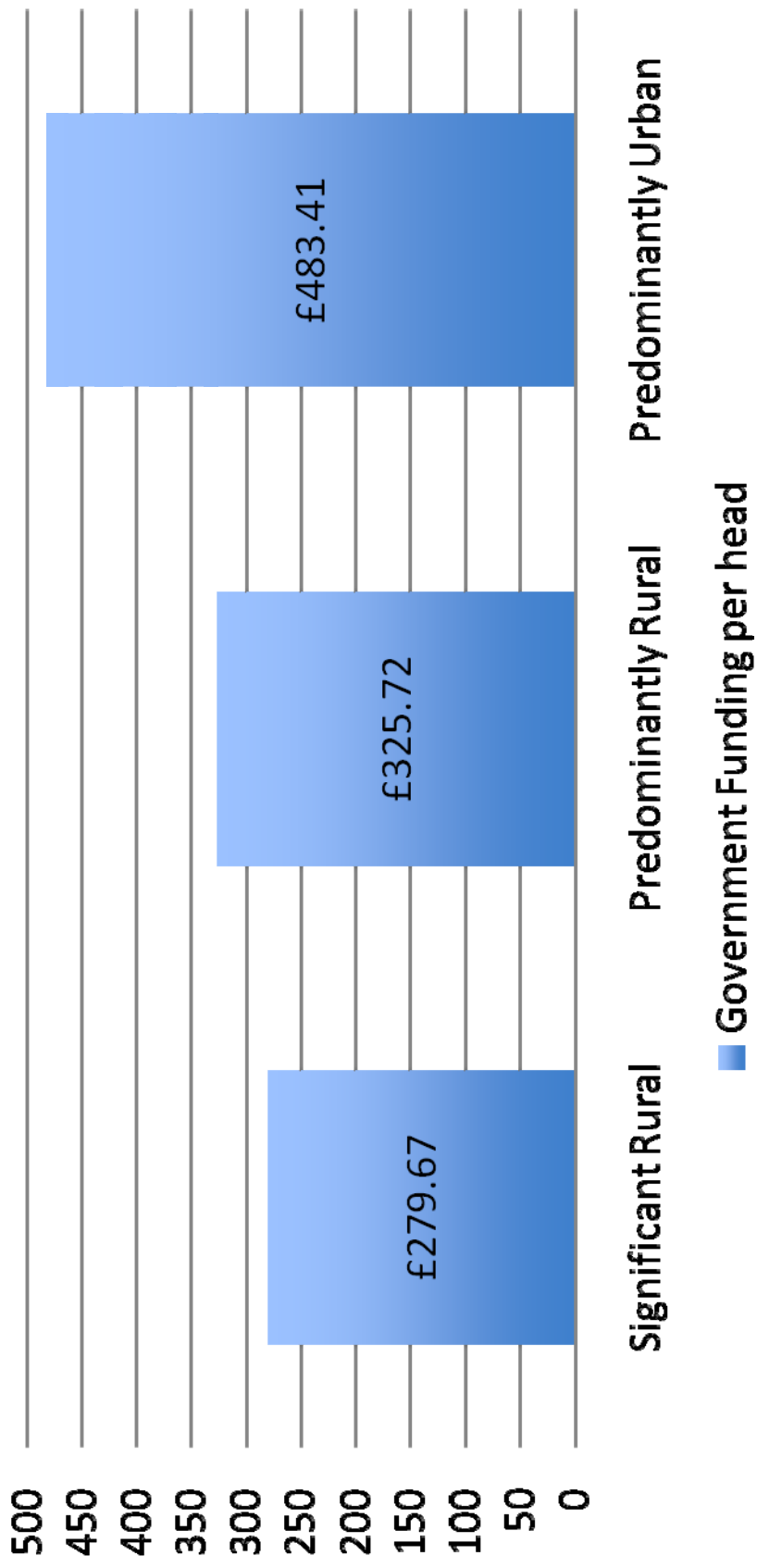
£+158



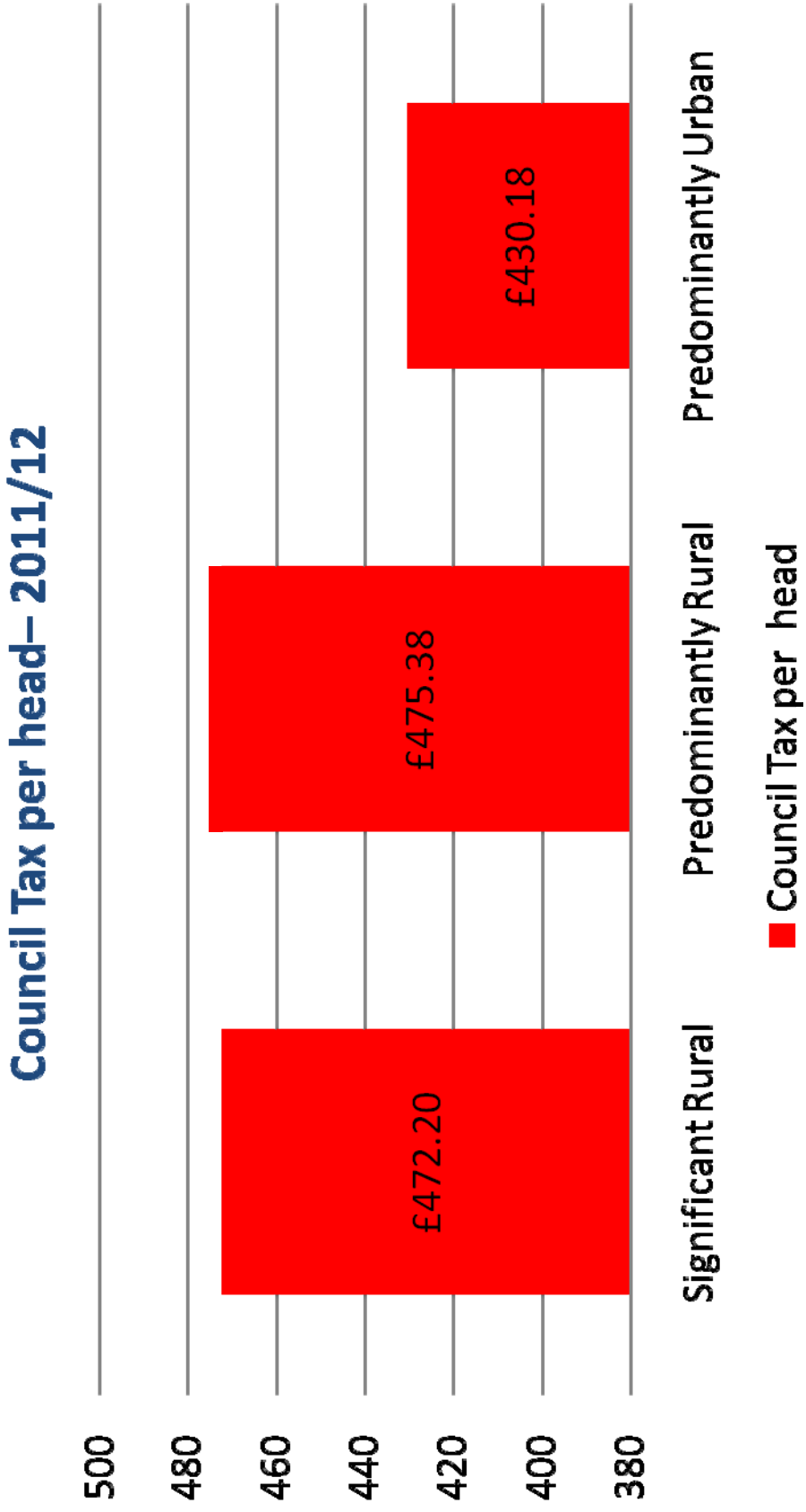


# £158 more 'spending power' per urban resident from Government Funding ...

**All Government Formula Funding – 2011/12 per head**



... but the rural resident pays £45 more in Council Tax for those services AND ...

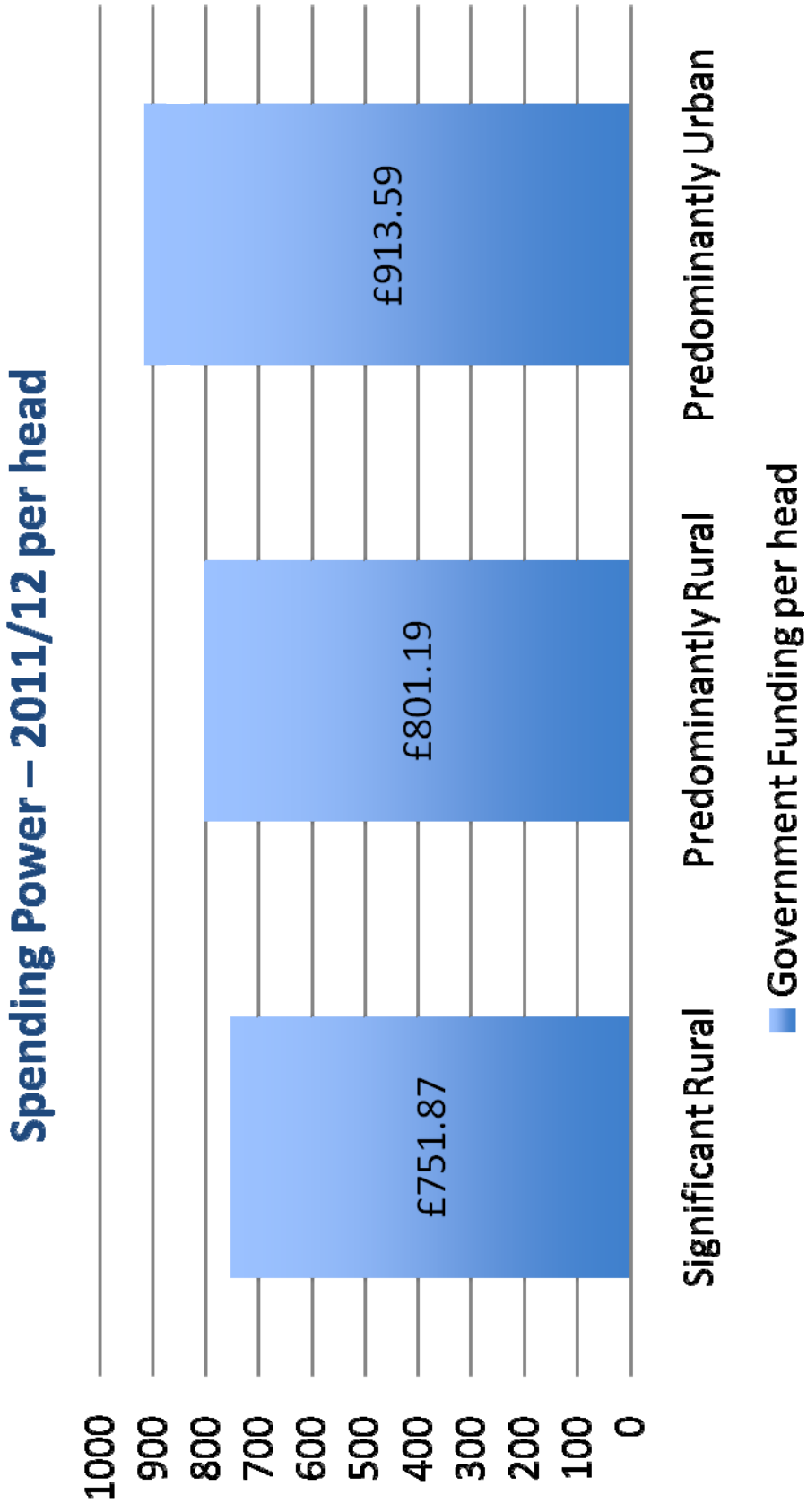


... has £112 less spent on local services

Spending Power – 2011/12 per head



# ... Rural residents have £112 per head LESS spent on local services



# Government Funding per head



£325.72



+£158

# Government Funding per head

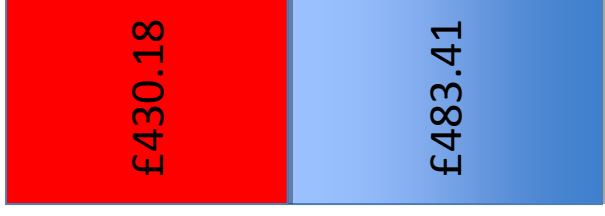


£325.72

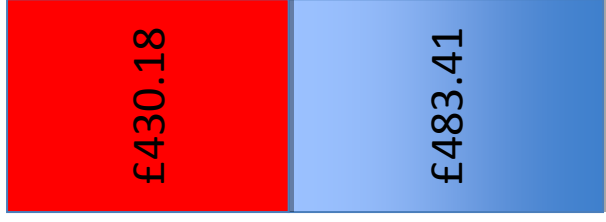
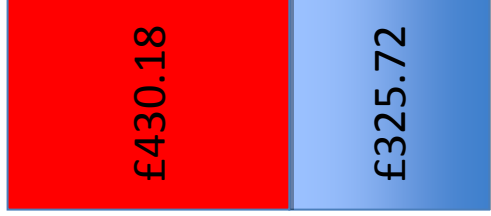


£483.41

# Average urban dweller pays £430.18 towards local services

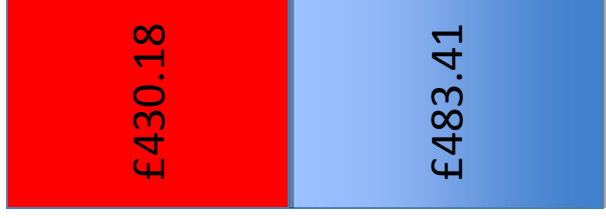


# Rural dweller pays on average £45 more per head to fund local services AND ...



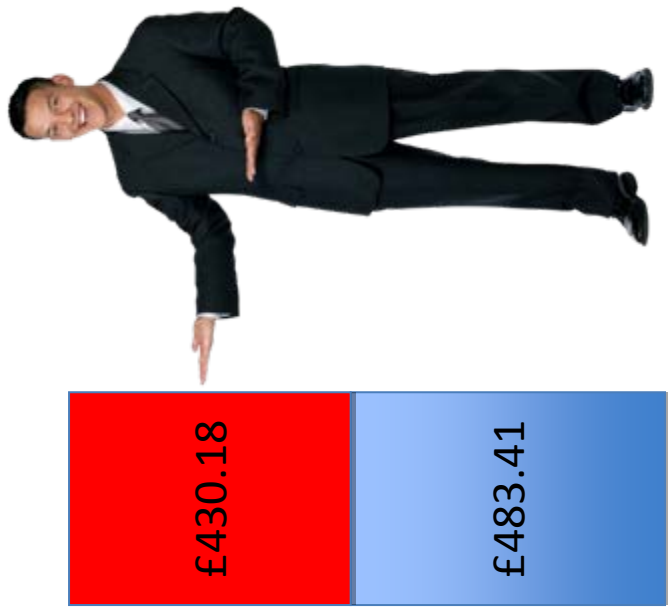
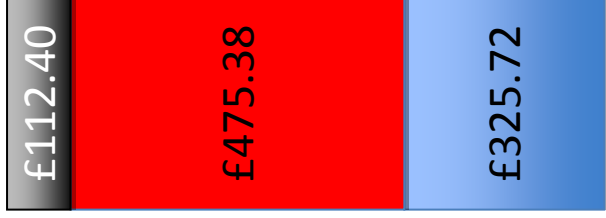


# Rural dweller pays on average £45 more per head to fund local services AND ...



Rural dweller pays on average £45 more per head to fund local services AND ...

... has £112 per head less spent on those services!



# In summary

- In 2011/12, on average, the rural resident when compared with his/her urban counterpart:
  - Receives £158 less Government funding
  - Pays £45 more in Council Tax
  - Receives £112 less spent on local services
  - Earns less (average wage figures)
  - Rural premium (SPARSE survey)



# SPARSE: Costs of Providing Services in Rural Areas

29 June 2011



FINANCE WITH VISION

## Format of presentation

- Background/approach
- Sparsity in the local government finance system
- Service pressures associated with sparsity
- Potential scale of additional costs
- Next steps

## Background/approach

- Commenced research for SPARSE in Feb 2011
- Set in the context of Local Government Resource Review
- Key aim is to consider the “rural premium”
- Confirm the need for sparsity funding
- Combination of analysis, literature review, survey data
- Not detailed statistically representative sampling
- Range of local authority services

## Services considered

- Fire services
- Waste collection/recycling
- Domiciliary care
- Home-to-school transport
- Primary education
- ‘Visiting’ services e.g. housing benefit/council tax; nuisance pollution; premises inspection
- (i) Urban (>£10k), (ii) Town & Fringe, (iii) Village, Hamlet & Isolated Dwellings

## Current use of sparsity

- Based on proportion of population living in areas with ‘less than’ or ‘between’ specified number of people per hectare
- Different ‘thresholds’
- Different ‘weightings’
- Even where weighting higher, also depends upon proportion of population applied to e.g. density vs. sparsity



## Estimate of sparsity within the funding system

- Total for 2010/11 around **£742m (only 0.9% of indicators)**
- **£357m** local authority central education - 12% of total vs. 10% for deprivation
- **£33m** older people's personal social services (0.4% vs. 33% deprivation, 8% age)
- **£351m** environmental, protective and cultural services (4% of total vs. 20% density, 22% deprivation)
- Of this sparsity funding, SPARSE members receive **£417m (56%)**
- Also within Dedicated Schools Grant for primary pupils

## Illustrations for Authority Types

Authority Type	Name	Sparsity Funding	Sparsity per Head	% of total RNF
District	Eden	£2.5m	£48	27%
County	Rutland	£2.3m	£61	9%
County	Herefordshire	£12.0m	£68	8%
Unitary	East Riding	£13.9m	£42	5%
Metropolitan	Doncaster	£5.3m	£18	2%
Outer London	Bromley	£600k	£2	0.3%
Inner London	Greenwich	£60k	25p	0.02%
<b>SPARSE</b>	<b>All members</b>	<b>£417m</b>	<b>£23</b>	<b>6%</b>

- Only Islington; Kensington & Chelsea; Lambeth; Tower Hamlets; and Haringey receive zero sparsity funding

## Literature review

- **Need** e.g. deprivation often spread out/hidden; higher fuel poverty; low-wage sectors; mental health concerns
- **Benefits take-up** e.g. pension credit non-recipient 7% higher in rural; FSM urban 19%/33% and rural 7%/25%
- **Access** of core education, care, health, as well as amenities e.g. GP surgery -20%; NHS dentist -43%; primary -18%, secondary -50%
- **Health** outcomes impacted by rurality e.g. distance to screening/treatment centres/support
- **Market choice** - challenges in benefitting from personalisation agenda
- **Technology** - lack of high speed broadband connections

## Key issues impacting on service delivery/costs

- Relatively little supporting evidence on cost implications
- Time to attend clients/deliver the service
- Difficulty in efficiently planning time/visits
- Need for larger numbers of service points
- Costs of travel
- Question over equity of access

## Fire Services

- **10%** more **primary fires attended** – less safety advice/prevention; older style properties
- **44 vs. 24 RTCs** per 100,000 population - longer journeys/more accidents; faster vehicle speeds; unfamiliar layout; more hazards; specialist rescues
- **25 vs. 3** incidents of **first aid** and **43 vs. 8** incidents of **assistance** per 100,000 population - ambulance service spread thinner
- **2x** as many **operational appliances** and **2.5x** as many **fire stations** – attendance times and non-permanent staff
- **35%** higher **transport** costs – longer distances; poor road conditions; increasing fuel costs (average +10%)

## Primary education

- Rural have **25%** of schools, **17%** of pupil numbers
- More schools with fewer pupils in each school – higher mgt and buildings costs
- Greater proportion of very small schools (<100 pupils)
- Smaller schools required to minimise distances travelled
- One SPARSE member identified **£8,014** cost for a small **rural** school vs. **£3,956** for an **urban** school
- Requirement for more specialist teachers as spread thinner
- Limited resources can require more expensive buy-in
- Partnership, collaboration and federation considered as options to support sustainability

## Home to school transport

- Not a consistent picture of a rural premium but .....
- Relatively small numbers make comparison difficult
- Larger numbers in rural areas can result in economies of scale
- Less public transport, contract costs are higher
- Journeys above recommended times
- Significant increases in fuel costs

## Waste collection/recycling

- Strong evidence of a rural premium
- Mixed round has on average 2.6x more properties than a rural round
- Urban round has on average 3.4x more properties than a rural round
- Mixed round on average was 1.3x higher cost than urban round
- Rural round on average was 2.7x higher cost than urban round
- No difference in collection policy for waste/recycling, but 1 LA identified green waste only available to 97%
- Specialised vehicles for difficult access
- Further proximity from tipping points
- Higher employee costs and fuel costs from longer rounds



## Domiciliary care

- One authority identified premium of up to £6 per visit for rurality
- Another authority identified 13.1% premium
- Spot purchasing can drive up rates
- Skilled staff shortages
- Difficulties recruiting Direct Payment personal assistants
- Difficulty responding to double calls
- Travel per visit:
  - Urban 5 mins, 3 miles
  - Mixed 7.5 mins, 5 miles+
  - Rural 12.5 mins, 6.5 miles+

# Housing Benefits/Council Tax visits

- Reductions in staff and numbers of visits
- Unmet need/access raised
- Outreach required with higher cost
- Fuel costs a major pressure
- Reduced contact time and delays to benefit payments
- Housing Benefit travel per visit:
  - Urban 10-20 mins, 2-12 miles
  - Mixed 10-30 mins, 4-25 miles
  - Rural 20-45 mins, 14-30 miles
- Council Tax travel per visit:
  - Urban 5-15 mins, 2-10 miles
  - Mixed 9-28 mins, 4-25 miles
  - Rural 17-30 mins, 9-30 miles

## Premises inspection

- Inspection of food businesses and non-HSE inspected premises
- High risk situations means visits cannot be combined
- Opening hours can impact upon work planning
- Specialised vehicles for farm premises
- Travel per visit:
  - Urban 30 mins, 13 miles
  - Mixed 38 mins, 19 miles
  - Rural 48 mins, 31 miles

## Nuisance pollution

- Travel per visit:
  - Urban 25 mins, 14 miles
  - Mixed 55 mins, 30 miles
  - Rural 68 mins, 37 miles

# Summary

- Sparsity distributes low levels of funding (£742m/0.9%)
- But, crucially important to members – up to 5% of formula for unitary, 8% county, 27% district (£2.5m district, £13m upper tier)
- Range of issues associated with rurality – need; markets; benefits take-up; health outcomes; access; technology
- Travel costs; travel time; more service points
- Question over equity of access/service provision
- Obtaining detailed costs difficult, but increase in evidence base
- Next step is to produce research report, drawing together findings



# SPARSE - Rural

Sparsity Partnership for Authorities delivering Rural Services  
Representing the views of over 7 million people across rural England  
A Special Interest Group of the Local Government Association

From the Office of Graham Biggs MBE. FCIS  
Chief Executive of SPARSE-Rural  
CONTACT DETAILS:-  
Phone Number:01588 674922  
Address: PO Box 101, Craven Arms, SY7 7AL  
Email: [graham.biggs@sparse.gov.uk](mailto:graham.biggs@sparse.gov.uk)  
WEBSITE: [www.rsnonline.org.uk](http://www.rsnonline.org.uk)

Date 06 July 2011

Luke Scofield  
Department for Communities and Local Government  
Zone 3/G6 Eland House  
Bressenden Place  
London  
SW1E 5DU

Dear Mr Scofield

## **Future of Local Public Audit – Consultation**

Thank you for agreeing to receive this response on the proposals set out in the Future of Local Public Audit Consultation paper after the formal closing date. The issue was discussed by our main meeting on Monday 4<sup>th</sup> July

### **About SPARSE-Rural.**

SPARSE-Rural is a Special Interest Group of the Local Government Group. It represents the interests of Principal Councils (Counties, Districts and Unitaries) whose areas are classed under Government definitions as being “Predominantly Rural”

### **Introduction**

Having considered the proposals in the Consultation Paper SPARSE-Rural has, on behalf of its 100 members, a number of concerns about their impact on the local government audit regime as it applies in the context of its membership. These key concerns are summarised below. We are not responding to all of the specific questions but only in respect of those issues where we feel there are potentially adverse implications – financial and non financial- for the types of Council we represent

## **Audit Committees**

The proposals call for the creation of audit committees to oversee the appointment of the external auditor and place significant emphasis on the appointment of independent members to that audit committee.

We consider that these proposals require further thought as they potentially place an onerous burden and significant costs on Councils, without there being clearly demonstrable benefits. Revised proposals need to address the appointment of external auditors on an area basis rather than an organisational basis so as to provide better value for money. There is also a need to ensure that the independence of external audit is maintained.

Revised proposals need to appreciate the vital role already played by existing audit committees in ensuring the good governance of councils and the current constitutional arrangements of existing audit committees where elected members are responsible for ensuring the effective functioning of audit committees. Council members have demonstrated that they already have a suitably wide range of skills and experience to provide scrutiny and challenge to the Council in taking forward the work of audit committees.

It is common in “smaller” District Councils for an Overview and Scrutiny Committee to perform the role of the Audit Committee. The proposals may place more burdens on small district councils than larger authorities by requiring all councils, regardless of size and resources to operate an Audit Committee as set out

## **Role of independent members**

Whilst some Audit Committees, at present, may appoint a limited number of independent members, elected members account for the bulk of Audit Committee membership, Elected members serving on Audit Committees are of course independent of the Executive. However, the new proposals suggest that as a minimum there should be an independent chair and vice chair of the Committee and that there should be additional independent members (perhaps constituting a majority).

As the current membership of many Audit Committees is drawn largely from the elected members of a council, there is clear accountability for the work of the Committee. There is a risk that the proposal that at least some of the members of the Committee are unelected appointees will weaken rather than strengthen accountability and devalue existing democratic structures and processes.

Two options are suggested for the role of the new Audit Committee. The first option suggests that the Audit Committee’s remit would be to make recommendations to Council on the appointment of the external auditor. The second option has a much wider role for the new Audit Committee which would in effect duplicate the role of existing Audit Committees in promoting good governance and overseeing the work of internal and external audit. Again the current good work which audit committees perform seems to be ignored. If a new Audit Committee’s remit were limited to overseeing the appointment of external audit, there would still be a need for oversight of governance issues but it is difficult to see what advantages there would be in an organisation operating two Audit Committees. Rather, if an existing Audit Committee has already demonstrated its effectiveness, it would seem sensible for that Committee to take on the oversight role for recommending the appointment of the external auditor.

The proposals stress the importance of localism but it would seem that local choice on the make up and remit of audit committees is to be disregarded.

## **Power of Electorate to Veto Appointments**

We do not support the power of the electorate to veto the appointment of auditors. These could be counter-productive and expensive to the whole appointment process.

## **Costs of proposals and value for money**

There is a debate on the possible cost consequences of the new proposals. One view is that competition in the provision of external audit services would result in a reduction in external audit costs. However, the impact of the abolition of the Audit Commission on audit costs is uncertain. Some commentators have argued that the Audit Commission has helped maintain a ceiling on the costs of external audit. Following the abolition of the Audit Commission, a few larger accountancy firms, with the required public sector external audit expertise, may result in higher fees. Public sector accounting is specialised and few firms would have the necessary expertise to provide external audit services that meet the demands of client organisations. Furthermore there is a concern that particularly in areas remote from large population centres the costs of audit will increase rather than fall

Whilst the market rate for external audit following abolition of the Audit Commission is uncertain, it is highly likely that the proposals would result in some additional costs for local authorities, as independent members may need to be remunerated in order to attract adequate numbers of suitably qualified people. Remuneration costs for independent members could be significant.

The proposals recognise the need to consider joint appointments by public sector bodies of an external auditor. This issue is touched upon but needs significant development. In order to ensure value for money across the public sector in the procurement of the external auditor, almost certainly this would require an area or regional approach.

Rather than create new Audit Committees at an organisational level for the appointment of external auditors, it would be sensible to consider what arrangements should be put in place for the appointment of external auditors on an area basis.

We are also concerned that the proposed arrangements for the audit of smaller bodies place an onerous and potentially costly burden on local authorities without providing a clear explanation as to why it is appropriate for local authorities to act as regulators for this sector. This is particularly the case for county and rural unitary councils. In a large rural county there are likely to be several hundred smaller bodies which a county/unitary council would be expected to regulate and which would have significant resource implications. Under the proposed arrangements it is unclear as to whether or not some or all of the associated costs could be recovered from the smaller bodies regulated by a larger council. We are concerned that councils will be expected to find additional resources to support these smaller bodies at a time of significant financial constraint and that this will be at the expense of the core activities of councils.

Whilst we support any initiative that will reduce both the costs and wider burden of regulation in local government, we believe that these proposals require further development or there is a risk that these objectives will not be met.

We look forward to seeing revised proposals which address these concerns and help reduce the risks identified.

Yours sincerely

Graham Biggs  
Chief Executive



To:- Mrs Mouna Turnbull,  
Concessionary Travel Policy,  
Department for Transport,  
3/21 Great Minster House  
76, Marsham Street,  
LONDON SW1P 4DR

7th July 2010.

Dear Mouna,

We are a group which represents rural services (of all descriptions, not just transport) in England. We are made up of local authorities and other service providers from both the public and private sectors. We also work within the community through our community section of over 4,000 members. Thus our membership is from local authorities, private sector transport providers and the community sector (including community transport)

The areas we represent and concentrate on are the ones classified by DCLG and DEFRA as Predominantly (or Mostly) rural. In many of those areas, away from the main "inter town" corridors, local public transport is not viable, either commercially or in "value for money" terms as subsidised services, because the communities served are too small to generate sufficient demand. The needs of individuals in these communities, whilst not strong numerically, remains as great of those elsewhere, and community transport networks have over the last few decades grown up to meet that need. In cases where that need is not met in some way, the viability of many rural communities themselves becomes materially undermined.

Clearly local transport authorities are having to make hard decisions in the context of the austerity funding reductions. In the most rural areas, they have impossible decisions to make between reducing subsidised services which might impact on more service users, or cuts to community transport which impact on fewer people but, in many cases, more severely. In practice, these cuts are particularly severe as in many cases, the services in these areas are already extremely sparse, such that additional cuts amounts virtually to the withdrawal of local public transport.

At our recent Full Meeting held on Monday 4 July, a further serious phenomenon was raised by [several] of our members. We wish to draw your attention to this, as it is having a disproportionately adverse effect on the most rural areas of England.

Under the English National Concessionary Travel Scheme (ENCTS), there is no locus for community transport providers to offer free travel to eligible elderly and disabled people. Where this is the only form of local public transport, it falls upon the local transport authority to choose to bring such services within the scope of a local discretionary concessionary travel scheme under the 1985 Transport Act. In other

areas, local bus services operate in the early morning and mid afternoon only, as, to make them economically viable (either commercially or at a cost of subsidy that the local transport authority can afford), they must inter-work with schools transport journeys. In such cases there is frequently no local bus service to the nearest local town other than before 0930.

With the transfer of the concessionary fares function from District councils to County and Unitary councils (and ITAs) on 1<sup>st</sup> April 2011, County Councils “inherited” in many cases a range of different discretionary schemes from their constituent Districts. Therefore the County Councils were, in practice, faced with the choice of “equalising” the level of concession at the best or worst of that offered before 1<sup>st</sup> April, with equalisation to the best imposing an additional cost burden. Because of the significant cuts in central Government funding, County Councils in the main have reduced the level of concession to that of the national statutory minimum.

This situation is having the greatest adverse effect in those areas which rely on Community Transport, and on those areas without a local bus service in the morning after 0930, and therefore threatens increased isolation for many elderly rural residents.

Our members believe that ENCTS should be amended to treat Community Transport services (where no other bus services operate) in the same manner as conventional local bus services. A similar provision should be made for those areas without local bus services between 0930 and 1200, to include those running before 0930 within the scope of ENCTS. However, in calling for these changes to ENCTS, we are mindful that they will come at a cost, and that without additional Government funding, the Travel Concessionary Authorities will effectively pass that cost on to other bus passengers, as the additional scope could only be paid for by reducing reimbursement to operators of services already within the scope of ENCTS. Therefore we are also calling for the Government to provide additional funding to facilitate the inclusion of these additional services, without cost penalty to the operators of local bus service already within the scope of ENCTS. We do appreciate that Councils already have the discretion to bring these services into scope under local discretionary concessionary travel schemes, but firmly believe that they are unable to do so in the present financial climate. The end result is a two-tier passenger status between those using buses in urban or mixed areas, who benefit from the concession, and those in the most rural areas who are unable to benefit from it.

We look forward to hearing your views on this matter.

Regards

David Inman,

Director

SPARSE Rural and the Rural Services Network

01822 813641.