Housing the nation

Ensuring councils can deliver more and better homes

Housing the nation

Ensuring councils can deliver more and better homes

APSE (Association for Public Service Excellence) is a not for profit local government body working with over 300 councils throughout the UK. Promoting excellence in public services, APSE is the foremost specialist in local authority front line services, hosting a network for front line service providers in areas such as waste and refuse collection, road and highways, renewable energy, parks and environmental services, leisure, school meals, cleaning, as well as housing and building maintenance.

Town and Country Planning Association (TCPA) founded in 1899, is the UK's oldest independent charity focused on planning and sustainable development. Through its work over the last century, the Association has improved the art and science of planning both in the UK and abroad. The TCPA puts social justice and the environment at the heart of policy debate, and seeks to inspire government, industry and campaigners to take a fresh perspective on major issues, including planning policy, housing, regeneration and climate change.

The TCPA's objectives are:

- To secure a decent, well designed home for everyone, in a human-scale environment combining the best features of town and country.
- To empower people and communities to influence decisions that affect them.
- To improve the planning system in accordance with the principles of sustainable development.

Contributors

The research team was composed of Kate Henderson (Chief Executive, TCPA), Dr Hugh Ellis (Head of Policy, TCPA), Paul O'Brien (Chief Executive, APSE), and Phil Brennan (Principal Officer, APSE). Nneka Opara (Communications Officer, TCPA) organised the research roundtable.

Acknowledgements

The TCPA is extremely grateful to everyone who contributed their time and feedback to the case studies, online survey and roundtable debates which informed this report.

This report aims to reflect the opinions of a wide range of local authorities, private and voluntary groups, but not every detail contained within it will reflect the opinions of all the contributors to this work. It should, however, reflect the spirit of constructive collaboration and considered debate.

Published by APSE June 2015

ISBN: 978-1-907388-29-3

Contents

Foreword

Local authorities are a key solution to the nation's current housing crisis. They can, and want to, deliver more and better housing.

Local authorities pioneered the planning and delivery of high quality social housing in the 20th Century. In the post Second World War era, where there was the strong alignment of positive planning and public investment, we regularly achieved the delivery of over 300,000 public and private sector homes each year.

Today, the role of the public sector in delivering social and affordable housing is unrecognisable from the post-war period. In 2013, councils built only 2,000 homes across the UK and of these less than a thousand were in England. Housing Associations have helped fill this gap, however this is only a fraction of what the public sector built previously. The dominant model of providing new homes is now through private sector delivery and as a consequence last year we built less than half the homes the nation needs. With rising council house waiting lists and increasing homelessness it is increasingly clear that the market alone will not deliver the homes the nation needs.

Our failure to build enough homes to meet demand for decades presents both challenges and enormous opportunities for local authorities. The nature of the challenge is different across the UK, from a chronic shortfall of genuinely affordable housing in some areas to the need for regeneration of our existing communities and the quality of existing social housing in other areas.

That is why, in the run-up to the 2015 general election, the Association for Public Sector Excellence (APSE) could not have picked a more appropriate moment to commission the Town and Country Planning Association (TCPA) to undertake this research study to demonstrate that local authorities can, and want to, deliver more and better housing as well as providing examples of the work they are undertaking to meet housing demand.

Drawing on feedback and insight from an online survey, a series of case studies and a high-level stakeholder roundtable, this report aims to address key issues for councils in delivering and managing more social and affordable housing, and sets out key recommendations for the new Government.

APSE have pioneered a new model of local government, the 'Ensuring Council'. Based on the principles of stewardship, maintaining core capacity to provide services, municipal entrepreneurialism, collaboration, local political accountability and social justice, APSE believe the 'Ensuring Council' can connect strong core values with strategic decision-making and efficient delivery of services.

The 'Ensuring Council' principles lie at the heart of the solution to meeting the UK's housing crisis. As this report shows, there is tremendous opportunity for councils, to once again, play a full and active role in planning, delivering and managing social and affordable homes on a meaningful scale.

Paul O'Brien

Chief Executive, APSE

Executive summary

There is a real opportunity for councils to be at the cutting edge of solving the UK housing crisis, playing a full and active role in planning, delivering and managing social and affordable homes. These are roles that many of them currently undertake but there is potential for them to do far more. However, changes to housing and planning policy are necessary in order for councils to truly fulfil their leadership role. This study focuses on the role of councils in delivering affordable and social housing, while recognising that local authorities play a vital role in facilitating the delivery of all housing types and tenures.

The research recognises that the current housing crisis is not only multifaceted and severe, but that it plays out differently in each community. Parts of the UK face a chronic undersupply of homes. In other parts of the UK, the challenge is regeneration and the quality of existing social housing.

The study provides an understanding of the front-line concerns faced by councils across the UK in meeting their local housing challenge through an online survey. It also explores the current pioneering leadership and innovation in local government through a series of case studies.

In the past five years the UK Government has brought in a number of changes to planning and housing policy. These changes are complex and fast moving and have major implications for how councils provide for all types of housing, particularly housing for those on limited incomes. The report draws together various planning and housing reform measures in order to try to understand the implications for local authorities' ability to deliver social and affordable housing in the future. In doing so it begins to access what the cumulative impact of these measures might mean.

It could be argued that because the changes referred to above have been made within the existing delivery context they are not radical enough to result in a fundamentally different approach to the way homes are delivered. Tinkering around the edges of existing policy is not enough to produce significant change. New approaches are needed to match the scale of the housing crisis and local authorities can be at the heart of them.

The report identifies the need for urgent action in six principal areas - set out in a series of 18 recommendations in part 3 - to unlock the potential of local authority house building and partnership delivery. A synopsis of the key themes and recommendations are presented below:

1. **Leadership**: The Government should forge a lasting cross-party consensus that local authorities are a key part of the solution to the housing crisis, providing clear leadership to encourage councillors and their authorities to think boldly and in the long term.
2. **Land**: Councils should play a stronger role in co-ordinating land assembly and planning, acting as lead developer to drive delivery.
3. **Planning**: Proper support for Local Plan preparation should be a key priority area for action for the new Government to ensure the coordinated delivery of high quality social and affordable housing in inclusive communities.

   There is a serious question which the new Government needs to answer about whether the developer-contribution model of funding social and affordable housing, via planning obligations, remains a policy objective, and if not, where is the replacement investment going to come from? Over two thirds of council's surveyed (68%) specified that their dominant model of delivering social and affordable housing is currently through the planning process via developer contributions.

   The online survey also strongly indicated[1] that the UK Government must amend the viability

1 Over half (54%) of the councils surveyed said the viability test had hindered their ability to deliver social and affordable homes, with only 14% saying it helped. (95 councils responded to this question – see Annex 1)

test in the National Planning Policy Framework (NPPF) to ensure it is more balanced and allows for the consideration of economic data on the cost and benefits to the public sector and therefore wider economy of policy measures such as the achievement of social and affordable housing.

If the UK Government is serious about empowering local government to deliver more homes, then measures such as the central deregulation of permitted development, the introduction of the Vacant Building Credit and exemption of small sites from Section 106 contributions need to be reversed. Instead, control of permitted development should be handed back to councils.

4. **Housing management**: Councils have the opportunity to become the 'landlord of choice' rather than necessity by providing a professional service to both landlords and tenants. This requires both a corporate commitment from the council and skills and resources.

   Councils are some of the most experienced landlords in the UK, managing some of the largest stock numbers in some of the most deprived neighbourhoods. They have significant expertise in asset and tenant management and need to bring that to bare to ensure their organisation is taking all opportunities available to increase the number of social and affordable homes available.

5. **Funding**: In making the case for new housing, the Government needs to take a view beyond five-yearly election cycles, and work out how an ambitious construction programme can be funded. The effective capture of land values for the wider benefit of the community must be an essential aspect of such funding. This is a tried-and-tested approach but requires the political will necessary to make it happen.

   The Government should lift the Housing Revenue Account borrowing cap which would significantly increase local authorities' ability to deliver new social and affordable homes and re-visit the issue of whether investment in housing is part of the public sector borrowing requirement (PSBR).

   The Government should review the overall Right to Buy policy and immediately reduce the discount so that Right to Buy enables councils, ALMOs and Registered Providers/ Housing Associations to genuinely invest in one-for-one replacement of the social housing.

   With 58% of councils surveyed stating that the New Homes Bonus had not incentivised the delivery of new social and affordable homes, the UK Government should review the incentive scheme immediately to assess whether it is delivering its objectives in a fair and effective way.

6. **Construction skills and capacity**: The Government needs to support the expansion of the construction industry, recognising the current capacity constraints on delivery due to factors such as the availability of skilled and unskilled workers, equipment and raw materials. Local authorities can also play an important role in expanding the sector through apprenticeships.

The new Government is presented with a unique opportunity to shape the future of the nation. By providing the strong political leadership, a progressive planning framework, genuinely empowering local authorities (and reversing recent deregulatory changes) and enabling councils to borrow to build, there is a huge opportunity for councils to once again play a full and active role in planning, delivering and managing social and affordable homes.

The Government needs to act outside of the usual electoral cycle – a 5 year plan will be inadequate to solve this problem. The aim should be to take action which has lasting impacts on the lives and homes of people in 50 to 100 years' time rather than 5 years.

This report sets out a clear call to action to Government to renew its commitment to enabling councils to build the outstanding, inclusive and genuinely affordable homes the nation needs and deserves. This means providing quality affordable homes for all, not just a safety net for some.

1: Introduction

Local authorities can play a full and active role in planning, delivering and managing social and affordable homes. This study by the TCPA, on behalf of APSE, looks at what might need to change in order for councils to do even more. It focuses on the role of councils in delivering affordable and social housing, while recognising that local authorities play a vital role in facilitating the delivery of all housing types and tenures.

The principle objective of this research project is to understand whether the current policy framework supports local authorities in taking an active role in planning, delivering and managing new social and affordable homes, and if not, what might need to change. The study explores whether the range of issues faced by councils are supported by the current policy framework or whether change to national policy and legislation is needed. This ranges from understanding local housing need, through the planning framework, to taking an active role in housing delivery through access to land, directly building council homes and partnership working.

1.1 Research approach

There are four components to the research project, as follows:

1. **Desk based policy review of the housing challenge and policy context**: in terms of planning, finance and housing management – in England, Wales, Scotland and Northern Ireland.
2. **Analysis of five case studies**: two from England and three case studies from the devolved administrations. Each case study aims to present different models of council leadership in delivering and managing social and affordable housing, set within the socio-demographic context of each local authority area. The case studies are Oxford City Council, Birmingham City Council, Flintshire County Council, West Lothian Council and the Northern Ireland Housing Executive with Derry City Council (the case studies are set out in Part 2 of the report).
3. **An online survey**: sent to Council Leaders, Cabinet Members for Housing and Planning, Heads of Planning and Chief Planning Officers (or their equivalent) in local authorities across the UK, using Survey Monkey, between 2nd February 2015 and 26th February 2015. The analysis of the survey is set out in Part 3 of the report and the survey questions are set out in Annex 1.
4. **An expert roundtable discussion**: held on the 3rd March 2015 to test the analysis and draft recommendations (roundtable participants are listed in Annex 2).

The research aims to demonstrate that local authorities can, and want to, deliver more and better housing. Councils are a fundamental part of the solution to meeting the nation's housing need.

1.2 Historic context – local government and housing

Local authorities pioneered the planning and delivery of high quality social housing in the 20th century. For much of the period between 1948 and 1978, local authorities were responsible for building more than 90,000 homes a year. In 2013 that figure had fallen to just 2,000 homes across the UK and of these, less than a thousand were in England. Housing Associations have played a crucial role in filling this gap, building on average 18,800 new homes per year between 1978 and 2013. This is, however, only a fraction of what the public sector built in the post Second World War era where the strong alignment of positive planning and public investment achieved the delivery of up to 350,000 public and private sector homes per year.

By the late 1970s economic crisis had led to a reduction in Government subsidy for public sector homes. There was also a concern over the design and management of many public sector estates created in 1960s which had become unpopular with residents and expensive to maintain. Policy post 1980 saw the end of local authorities as providers of substantial new homes along with the Right to Buy policy and the drive to hand over housing stock to other Registered Social Landlords (known as RSLs, registered providers or housing associations). The role of local authorities became one of facilitator and regulators of housing rather than leaders in the direct provision. In addition, housing and planning policy, which had once been closely integrated became increasingly fragmented. Reinvestment in late 1990s saw a marked increase in investment in social housing, but it did not deliver a step change in direct powers of local authorities. Instead local councils became increasingly reliant on meeting local needs for social housing through planning agreements which were heavily dependent on development viability and private sector investment decisions.

1.3 The current housing crisis

The current housing crisis is both complex and severe. Parts of the UK face a chronic undersupply of homes: we have failed to build enough new homes to meet demand for decades. In other parts of the UK the challenge is regeneration of our existing communities and the quality of existing social housing.

In 2014 140,880 new homes were completed across the whole of the UK[2] of which 112,400 were in England. Set against this was the formation of at least 240,000 new households each year in England. We are, therefore, building less than half the homes the nation needs.[3] In addition central investment in housing across the UK fell by 35% between 2010-2015, with funding for new social housing cut by 44%.[4] The housing crisis touches every part of the UK and is a pressing issue for every local authority. By the end of 2013, mortgage lender the Halifax reported house prices across the UK were rising at nearly ten times the rate of average earnings.[5]

Our inadequate supply of housing impacts on the social wellbeing of communities as well as reducing labour mobility thereby undermining the ability of our towns and cities to attract new business. It has an acute impact on the health, wellbeing and education of those in greatest housing need. The last government figures from 2010 suggest there may be a backlog of 2 million households in housing need resulting in homelessness and overcrowding as well as concealed households.[6]

It is also widely acknowledged that house building has benefits beyond meeting housing need. For example, construction is an economic driver, with government research suggesting that every 100,000 new houses built could boost GDP by 1%.[7]

In addition, the construction industry does not currently have the capacity to deliver the number of homes needed. The scale of the problem referred to throughout this study requires a much bigger construction industry to that which is currently in place. It means expanding the number of new skilled and semi-skilled workers, investing in training in the use of new technology and ensuring the existing workforce remains aware and adequately trained. It also means making sure we have the

2 Gov.UK (2014) Latest live tables on house building (Latest update: 20/11/2014) https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building

3 Holmans (2013) New estimates of housing demand and need in England, 2011 to 2031, London: TCPA http://www.tcpa.org.uk/data/files/HousingDemandNeed_TCPA2013.pdf

4 University of York (January 2015) Social policy in a cold climate, summary working paper 18.

5 Hawkes, S. (2013) House prices across the UK are rising at nearly ten times average earnings The Daily Telegraph http://www.telegraph.co.uk/finance/property/house-prices/10499778/house-prices-salaries-mortgages-Halifax-house-prices-inflation-average-earnings-cost-of-living-Hawkes.html

6 DCLG Estimating Housing Need, 2010

7 Figures come from the Blue Book: newly built private sector dwellings contributed £17.7 billion to UK GDP (total GDP was around £1.3 trillion), facilitating the building of 37,000 houses in 2010. Cited in Cities Outlook 2013. Centre for Cities, Jan. 2013. http://centreforcities.cdn.meteoric.net/CITIES_OUTLOOK_2013.pdf

heavy plant and equipment to nearly double the number of houses we are building. Furthermore some of the basic materials, such as bricks, are not available in adequate amounts and expanding the supply chain is easier said than done. Bringing new brickworks online or expanding production from quarries are long term projects.

1.4 The current policy context

The overall policy context for planning and housing policy has been dominated by the twin factors of financial austerity and the clear evidence of a sustained and complex housing crisis. In response the Coalition Government introduced radical legal and policy changes to housing, planning, benefit provision and regeneration funding. These measures have important cumulative effects on the ability of local authorities to deliver affordable homes and the wider role of place-making. The Coalition Government also prioritised localism by offering new legal powers to English local authorities not least the general power of competence in the Localism Act 2011. The devolution of some powers to Scotland, Wales and Northern Ireland has also created a distinctive policy environment in each of these administrations.

1.4.1 England

Planning

The English planning system has been subject to sustained policy and legal change between 2010 and 2015. The broad thrust of this reform has been deregulatory and has three important dimensions:

1. **Structural changes to planning:** There have been structural changes to planning delivered through the Localism Act 2011 which abolished regional planning and focused attention on local plans to deliver housing provision. The duty to cooperate is now the key mechanism for wider dialogue about wider sub-regional housing provision, but the duty has proved cumbersome particularly in high demand areas[8].

   Local Enterprise Partnerships (LEPs) can have an important role in planning for housing, but their performance is variable and they have no formal planning powers. Joint planning committees and combined authorities offer multiple benefits and the latter are being rolled out across large parts of the North of England.

   Further deregulation of secondary legislation on permitted development has led to a large number of offices being converted for housing with only a very light touch approval process. These developments do not require planning permission and therefore local authorities cannot secure contributions for affordable homes (or other services such as education and green infrastructure) or require space and environmental standards for the newly converted homes.

2. **Policy changes to planning for social and affordable housing:** There have been strong policy changes to planning to create a more permissive regime for housing delivery. The National Planning Policy Framework (NPPF)[9] is the key document in this drive introducing a presumption in favour of sustainable development and the viability test for all local plan policy requirements. This test has proved controversial because it provides a mechanism for both reducing the amount of affordable homes through section 106 agreements and for renegotiation of existing agreements. The amount of affordable homes delivered through section 106 has fallen as a result.[10]

   Other requirements for a five year land supply and the presumption in favour of sustainable

8 Forthcoming TCPA research The Future of Place making 2015

9 DCLG (2012) The National Planning policy Framework, 2012

10 Johnstone, N (2014) Squeezed out (27.06.2014) http://www.insidehousing.co.uk/squeezed-out/7004401.article

development have seen an increase in housing consents. Concerns remain[11], linked to the Coalition Government's housing standards review, as to whether these homes are meeting needs for social and affordable homes or the long term needs for adequate internal space, lifetime homes or wider place-making and climate resilience objectives. The NPPF also contains the Coalition Government's redefinition of what affordable means in England linking it to a benchmark of 80% of market rents. There remains a concern about how genuinely affordable this definition is in high demand areas reinforcing the need for the provision of social housing.[12]

In addition to the viability test in the NPPF and deregulation of planning through permitted development, there have been further Ministerial announcements to reduce the "disproportionate burdens on developer contributions" which in turn reduces the ability of local authorities to secure section 106 contributions for social and affordable housing.[13] A Written Ministerial Statement, in November 2014, means that there is no longer a requirement for affordable housing contributions from 'small-scale developers, for sites of 10-units or less, and which have a maximum combined gross floor space of 1,000 square metres'[14]. At the end of 2014 the Government also introduced the 'vacant property credit', designed to encourage re-development on brownfield land. This is "a financial credit, equivalent to the existing gross floorspace of any vacant buildings brought back into any lawful use or demolished for re-development" which is then "deducted from the calculation of any affordable housing contributions sought from relevant development schemes"[15] meaning the quantum of planning contributions for social and affordable housing is reduced further.

3. **Planning service and capacity**: The planning service has seen significant cuts in funding and general loss of capacity. This has led to concerns from the private sector about the level of service they receive and the wider role of planning as a positive force for change.

Housing Finance

The general picture of public sector housing finance has been marked by a sharp decline in Government investment in social housing and by a rapid increase in demand side measures such as Help to Buy. While the overall funding environment for local authorities is marked by dramatic reductions in central government support, there are specific new opportunities for housing delivery.

For those authorities who still control their housing stock, the 2012 self-financing reform package[16] created freedom to retain rental incomes and greater flexibility on asset management and borrowing against the Housing Revenue Account (HRA). The Lyons Housing Review 2014 noted that the current borrowing caps imposed by the Treasury had a 'highly variable' impact on local authorities with half of them only able to secure enough to build 80 to 90 homes over the next 30 years[17].

Other forms of Government subsidy have been directly linked to planning and housing delivery. The New Homes Bonus is the most significant paying a grant each year for 6 years. The New Homes Bonus is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable

11 Communities and Local Government select committee reflected these concerns in their– Fourth Report Operation of the National Planning Policy Framework. 2014

12 Wiles, C. (2014) Affordable housing does not mean what you think it means. Guardian Housing Network http://www.theguardian.com/housing-network/2014/feb/03/affordable-housing-meaning-rent-social-housing

13 Lewis, B (2014) Written Ministerial Statement. Communities and Local Government. Small-scale Developers. The Minister of State, Department for Communities and Local Government (Brandon Lewis) (28 November 2014) http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm141128/wmstext/141128m0001.htm

14 Brandon Lewis MP (2014) Small-scale Developers. The Minister of State, Department for Communities and Local Government (Brandon Lewis) 28 November 2014 http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm141128/wmstext/141128m0001.htm#14112842000008

15 Ibid

16 The 2011 Localism Act enabled reform to the Housing revenue account subsidy system which was brought in force in April 2012

17 The Lyons Review 2014 pg 140

homes.[18] It is important to note that the majority of funding for New Homes Bonus is not additional funding for local authorities but top-sliced from existing grant funding.

In 2012 the Government set out its proposals to reinvigorate the Right to Buy. The Right to Buy, introduced in 1980, enables council tenants to purchase their council homes at a discount which is currently up to £77,000 across England, and up to £102,700 in London boroughs. The amended scheme states that *"every additional home sold under Right to Buy will be replaced by a new home for affordable rent, with receipts from sales recycled towards the cost of replacement."*[19]

Other finance has been specifically targeted at housing areas such as the £200 million Housing Zone initiative to support brownfield site development[20] and wider support for new settlements at Ebbsfleet, Bicester and Northstowe.

New Management models

Despite the retrenchment of local authorities in direct housing management which was the dominate policy trend since the 1980s, 169 local authorities in England still have housing stock[21]. There are now clear and positive signs of a revival in the direct role of councils in housing management. This is partly in response to the Coalition Government's rapid withdrawal of state subsidies for social housing and the expectation that local authorities will fill the gap using new reforms, for example, the use of Housing Revenue Accounts.

The Lyons Housing Review draws together the emerging diversity of approaches to reinforcing the leadership role of authorities in housing management. These are characterized by new delivery and funding partnerships using institutional investors and the Municipal Bonds Agency as well as other forms of joint ventures to deliver new affordable and social homes. The creation of new local authority-led housing companies is a clear signal of ambition of some authorities to return to direct delivery of new homes. Crucially these delivery vehicles allow greater flexibility on tenure, rental level and the degree to which Right to Buy provisions apply[22].

1.4.2 Devolved administrations

Wales

Planning and housing functions are largely devolved to the Welsh Government and Welsh local authorities. The Housing Act (Wales) 2014 sets out a legal framework for the devolved powers. The Act places new duties on local authorities on Homelessness, the provisions of sites for Gypsies and Travelers and standards in housing management. It also reforms the Housing Revenue Account subsidy system and introduces a compulsory registration and licensing scheme for private rented sector landlords. The Welsh Government provides financial support through the Social Housing Grant and Housing Finance Grant which support Registered Social Landlords although the amounts are relatively modest.

Planning in Wales is also devolved and continues to reflect a distinctive and coherent approach with a national plan and guidance documents framing local plan preparation by local authorities. There is a common emphasis on meeting housing demand inside a plan-led framework.

---

18 https://www.gov.uk/government/policies/improving-the-rented-housing-sector--2/supporting-pages/providing-affordable-homes-for-rent

19 Communities and Local Government (2012) Reinvigorating Right to Buy and One for One Replacement

Information for Local Authorities https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5937/2102589.pdf

20 https://www.gov.uk/government/publications/housing-zones-prospectus

21 Chartered Institute of Housing (2014) Where is housing heading? Why is it important to change local authority borrowing rules? http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Policy%20essay%209%20-%20Why%20is%20it%20important%20to%20change%20local%20authority%20borrowing%20rules%20-%20July%202014.pdf

22 The Lyons Review 2014 page 144

Scotland

Scotland has extensive devolved powers on planning and housing. The Scottish Government sets overall national planning policy in the National Planning Framework and the 32 local authorities prepare local plans. The four major city regions also have to prepare a strategic development plan. Scotland is regarded as having the most coherent and effective planning system inside the UK with a strong emphasis on meeting housing needs.

Scotland's 32 unitary authorities have responsibility for housing with financial and policy support from the Scottish Government who will invest £1.7 billion in new homes over the lifetime of the current parliament. Scottish Homes, which replaced the Scottish Special Housing Association and the Housing Corporation in Scotland, is a statutory body assisting local authorities in their housing programmes. Although Scottish Homes still own dwellings, they are no longer building new houses and the last new dwelling was completed in 1991.

Northern Ireland

Housing in Northern Ireland has a number of distinctive aspects not least the legacy of community division and direct rule. The peace process has offered a radical period of change with devolution of planning powers from central administration to local authorities due to happen in April 2015.

Housing policy remains the overall responsibility of the Department of Social Development. The Northern Ireland Housing Executive is the Northern Ireland equivalent of local authority housing providers in Great Britain but is organised in a divisional structure. The executive manages 89,000 homes and has a program to build 2,000 units of social housing in 2015. One of the major questions for the future is how to harness the opportunity and challenges of devolving housing provision to newly restructured local authorities in Northern Ireland.

2: Case studies

The study is based upon five case studies, two of which are from England representing different models of council leadership in delivering social and affordable housing, and three case studies from Scotland, Wales and Northern Ireland. The case studies are as follows:

1. **Oxford City Council**: Council-led joint venture on council land
2. **Birmingham City Council**: Council investment in new homes using the Housing Revenue Account
3. **Flintshire County Council**: Council-owned company that owns, leases and manages properties
4. **West Lothian Council**: New build council housing and strategic planning
5. **Northern Ireland Housing Executive and Derry City Council**: Community-led regeneration

2.1 Oxford City Council: Council-led joint venture on council-owned land

The housing challenge in Oxford

Oxford's population is growing rapidly.[23] The City's 'usual resident population' was estimated to be 154,800 in June 2013.[24] Over the ten year period 2001-2011, the population has grown 12% meaning 16,500 new residents and further growth of additional 13,000 people are projected to be living in Oxford by 2021.

Housing affordability is a significant and growing issue in Oxford. Research published by Oxford City Council highlights that between 1997 and 2000 there was one area in North Oxford where house prices were over ten times median earnings[25], compared to the situation in the period 2010-2013 where this was the case in more than half of the City. There is now nowhere in Oxford where house prices are less than five times earnings.[26] According to a 2014 study, 'Oxford now has the least affordable housing in the country'.[27]

Rapid population growth and the challenge of housing affordability has resulted in 6.2% of households in Oxford being classed as overcrowded, compared with an average of 3.3% across Oxfordshire. [28]

Housing tenure in Oxford has changed over the 30 year period between 1981 and 2011 with a decline in the number of households living in social rented homes (rented from the council or a housing association) from 29% to 21%. Over this same period the number of households living in private rented homes has increased from 16% to 28% while the number of owner occupiers has declined from 55% in 1991 to 47% in 2011.[29]

23 Oxford City Council (2014) Oxford's population is growing at its fastest ever http://www.oxford.gov.uk/Library/Documents/Statistics/2014_02_populationgrowth.pdf

24 Oxford City Council (2013) Population statistics http://www.oxford.gov.uk/PageRender/decC/Population_statistics_occw.htm

25 Median earnings mean 'median gross full-time annual wage for an Oxford resident' and are based on the 2014 'Median earnings from the Annual Survey of Hours and Earnings, Office for National Statistics'

26 Oxford City Council (2014) Housing affordability in Oxford neighbourhoods http://www.oxford.gov.uk/Library/Documents/Statistics/2014_12_housepricesbyarea.pdf

27 Carter, A. (2014) Why are the UK's 10 most unaffordable areas to live so expensive? Guardian Housing Network. (4/11/14) http://www.theguardian.com/housing-network/2014/nov/04/uk-10-most-unaffordable-areas-centre-for-cities

28 Oxford City Council (2014) Investing in Oxford's future. Deciding on strategic growth options. A route map http://www.oxford.gov.uk/Library/Documents/Planning/Oxford%20Growth%20Strategy%20Route%20Map.pdf

29 Oxford City Council (2014) More households now rent rather than own their home http://www.oxford.gov.uk/Library/Documents/Statistics/2014_04_housingtenuretrend.pdf

The planning context

The local authority boundary around Oxford is tightly drawn which creates a challenge for the council in meeting the City's housing need. A report by the City Council *Investing in Oxford's future: Deciding on strategic growth options* states: "It is clear that due to its tightly confined boundary, Oxford City will not be able to meet its housing needs (28,000 additional homes) in the period to 2031." [30]

In 2011 Oxford City Council adopted a Core Strategy[31] which sets out the spatial planning framework for the development of Oxford up to 2026 and is the principal document in Oxford's Local Plan.[32] Section 7 of the Core Strategy 'maintaining a balanced housing supply' sets out the City Council's vision for housing as: *"Everyone should have access to a decent home, at a price they can afford, in a place they want to live. We should try to provide for all types of household needs and circumstances, including families, single people, the elderly and those with special needs. Good-quality, affordable housing can create stable and secure family lives. We can be healthier and happier if we have decent homes close to schools, healthcare and transport links.[33]*

Due to the high need for affordable housing in Oxford, the policy on affordable housing in the Core Strategy (Policy C S 2 4, page 111) states: *"Planning permission will only be granted for residential developments that provide generally a minimum of 50% of the proposed dwellings as affordable housing on all qualifying sites."*

As a planning authority and land owner, Oxford City Council is proactively supporting the development of new communities, including the development of Barton Park which is the focus of this case study. However, with a limited supply of land within the City's boundary a large proportion of Oxford's housing requirements will inevitably need to be accommodated in the surrounding authorities.

Council-led joint venture on council land

Barton Park is located to the north east of Oxford and the Council "*sees the contribution of new housing from the Land at Barton, with associated regeneration, as fundamental to achieving the objectives of its Corporate Plan, the Oxford Sustainable Community Strategy and the Regeneration Framework for Oxford to 2026.*"[34]

Oxford City Council is bringing forward a new neighbourhood of 885 homes at Barton Park. In 2011 the Council formed a joint venture partnership with Grosvenor Developments Limited. The partnership, Barton Oxford LLP, combines the council's land and vision for the new neighbourhood with Grosvenor's expertise in place-making and funding capacity to deliver an exemplary scheme with regeneration benefits for surrounding areas.[35]

This was an extremely challenging site. Oxford City Council looked at a number of delivery options from a straight sale, to development management against set criteria including early delivery of housing, maximising value, provision of an exemplar scheme and regeneration options. The property market at the time was challenging and the formation of a joint venture with an investment partner allowed a procurement which fell outside the OJEU procurement regulations. Soft market testing revealed scant appetite for OJEU procurement opportunities, but the joint venture option selected allowed for a full

30 Oxford City Council (2014?) Investing in Oxford's future. Deciding on strategic growth options. A route map http://www.oxford.gov.uk/Library/Documents/Planning/Oxford%20Growth%20Strategy%20Route%20Map.pdf

31 Oxford City Council adopted a Core Strategy in 2011 which was before the publication of the National Planning Policy Framework

32 Oxford City Council (2011) Oxford Core Strategy 2026 http://www.oxford.gov.uk/Library/Documents/Core%20Strategy/Oxford%20Core%20Strategy%202026.pdf

33 Oxford City Council (2011) Oxford Core Strategy 2026. Section 7 Page 104 http://www.oxford.gov.uk/Library/Documents/Core%20Strategy/Oxford%20Core%20Strategy%202026.pdf

34 Oxford City Council (2012) Barton Areas Action Plan, adopted December 2012 http://www.oxford.gov.uk/Library/Documents/Barton%20AAP/Barton%20AAP%20Dec%202012%20low-res.pdf

35 Barton Park Oxford http://www.bartonparkoxford.com/vision/vision.aspx

and rigorous marketing campaign which led to a very competitive bidding environment. Taking the procurement outside OJEU allowed a simpler and faster appointment of an investment partner.

The Joint Venture is a true 50/50 vehicle with both the City Council and Grosvenor Development Limited represented equally at both Board and project group level ensuring that the overarching objectives set by the City Council are achieved. The objectives are enshrined in the partnership documentation and as well as commercial terms include objectives around physical and social regeneration, provision of an exemplar development and maximisation of affordable housing.

Downstream, procurement of consultants, contractors and housebuilders is carried out by the Barton Oxford LLP, again outside OJEU regulations allowing the joint venture to react quickly to market fluctuations and opportunities.

In December 2012 the Barton Area Action Plan was adopted by the Council and in September 2013, a resolution to grant outline planning for the proposed new community at Barton Park was approved. Councillor Bob Price, Leader of Oxford City Council, said: *"The approval is a fantastic step forward in delivering a vibrant and exemplar new sustainable community in Oxford. We're hopeful that the new homes and community facilities will add value to those that live and work in the area and that the delivery of the park, community hub and retail facilities will act as a catalyst to improve the area's vitality and viability."*[36]

The City Council and Grosvenor Development Limited are fully committed to delivering a fantastic new development at Barton Park. The Design and Access Statement describes it as "*a garden suburb designed for the needs of the 21st century. A perfect blend of high quality urban living that is in harmony with its natural surroundings.*" The Barton Oxford LLP published a sustainability framework to measure its 'exemplar' objectives. The Design Code, Parameter Plans, masterplan and phase designs are all subject to Design Review by the independent Oxford Design Review Panel.

The LLP appointed a masterplanning architect at the outset to establish a design framework, and this included reviewing best practice including a study tour of leading Dutch housing schemes to learn lessons with the City Council officers and Members.

Reserved matters for the strategic infrastructure was granted permission in February 2015, and works will start on site May 2015. The first phase residential sale was completed in December 2014 for 237 homes. The reserved matter for this phase is expected early Summer 2015, and start on site aimed directly after the strategic infrastructure is ready.

Key lessons

Oxford City Council's approach at Barton Park demonstrates what can be delivered by using council-owned land as a key asset to deliver wider outcomes. By retaining control of the land the City Council has been able to work in partnership with an investment partner who had similar values and aspirations. This has enabled a difficult site to come forward in a timely way, overcoming large infrastructure costs, delivering a design quality which should set a new benchmark, involving local communities and spreading the regeneration benefits, and providing 40% social rent housing. Barton Park also illustrates that private sector development partners can provide the opportunity to share skills and resources.

With Oxford facing an ever increasing housing challenge, this is a model which has delivered on a wide range of outcomes. This model would be good to roll out across other sites to ensure timely and high quality deliver of new homes.

Oxford City Council is also a good example of positive planning, both at the Local Plan level across the authority and the community scale at Barton Park. The Core Strategy sets out a strong corporate commitment to high-quality affordable housing across the City and the Barton Area Action Plan sets out the blue-print and shared vision for an exemplar new sustainable community.

36 Oxford City Council (2013) Plans for ambitious new neighbourhood at Barton get go-ahead http://www.oxford.gov.uk/PageRender/decN/newsarticle.htm?newsarticle_itemid=52985

2.2 Birmingham City Council: Birmingham Municipal Housing Trust

The housing challenge in Birmingham

Birmingham is home to over a million people, which equates to around 20% of residents in the West Midlands region.[37] It is the second largest local authority area and city outside of London. After a period of population decline from the 1960s to 1990s, the City's population is growing again, with 96,000 additional residents between 2001 and 2011, an increase of 9.8%.[38] Significant further population growth in Birmingham is projected over the next decade and a half, with the 2010-based projections (published 2012) estimating an increase by over 200,000 by 2031.[39]

Birmingham City Council owns and manages 64,000 homes in the City. However, each year the council has fewer homes available for rent due to two main reasons; firstly some of the council housing no longer meets modern needs having been built in the mid-20th century and is demolished as it becomes uneconomic to maintain and secondly, the Right to Buy scheme has resulted in "*...thousands of former council properties have been bought by tenants ...and stock could not be replaced until recent changes to legislation.*"[40] Since the Right to Buy was introduced in 1980, over 50,000 tenants have bought their properties in Birmingham. This has had significant consequences on social housing waiting lists in the City which are estimated at almost 18,000, representing a 26% increase between 2001 and 2011.[41]

In order to meet the needs of a growing population, Birmingham City Council aims to facilitate the construction of over 80,000 new homes by 2031[42], through a range of strategic partnerships. By directly investing £254 million from its Housing Revenue Account (HRA) resources within a borrowing cap of £1.136bn, Birmingham City Council plans to build over 2,000 new homes itself over the next five years. However, if the HRA borrowing cap were lifted, Birmingham City Council suggests that the Council *"...could build a further 18,000 new homes by 2031, meeting a quarter of the city's overall housing requirement."*[43]

The planning context

The Birmingham Development Plan[44] is soon to be the key guiding policy for planning and regeneration across the City, setting out a framework to 2031 and replacing the current Unitary Development Plan 2005[45]. The Birmingham Development Plan 2031 was consulted on and approved by the Council in December 2013, it was submitted to the Secretary of State for examination in July 2014 and hearing sessions with the planning inspectorate took place in late 2014.[46]

In producing the evidence base for the draft Birmingham Development Plan the Council has

37 Birmingham City Council (2014) Population in Birmingham http://www.birmingham.gov.uk/cs/Satellite?c=Page&childpagename=Planning-and-Regeneration%2FPageLayout&cid=1223096353755&pagename=BCC%2FCommon%2FWrapper%2FWrapper

38 Birmingham City Council (2013) 2011 Census: Birmingham Population and Migration Topic Report

39 Birmingham City Council (2014) Population Projections http://www.birmingham.gov.uk/cs/Satellite?c=Page&childpagename=Planning-and-Regeneration%2FPageLayout&cid=1223409646618&pagename=BCC%2FCommon%2FWrapper%2FWrapper

40 Birmingham City Council (2015) What is the Birmingham Municipal Housing Trust?http://www.birmingham.gov.uk/cs/Satellite?c=Page&childpagename=SystemAdmin%2FCFPageLayout&cid=1223356833109&packedargs=website%3D4&pagename=BCC%2FCommon%2FWrapper%2FCFWrapper&rendermode=live

41 Birmingham Post (2011) Almost 20,000 families waiting for new home in Birmingham http://www.birminghampost.co.uk/news/local-news/20000-families-waiting-new-home-3916449

42 Birmingham City Council (2015) What is the Birmingham Municipal Housing Trust?http://www.birmingham.gov.uk/cs/Satellite?c=Page&childpagename=SystemAdmin%2FCFPageLayout&cid=1223356833109&packedargs=website%3D4&pagename=BCC%2FCommon%2FWrapper%2FCFWrapper&rendermode=live

43 The Lyons Housing Review (2014) The Lyons Housing Review Mobilising across the nation to build the homes our children need (page 141) http://www.yourbritain.org.uk/uploads/editor/files/The_Lyons_Housing_Review_2.pdf

44 Birmingham City Council (2014) Birmingham Development Plan (draft) www.birmingham.gov.uk/plan2031

45 Birmingham City Council (2014) The Birmingham Plan - Unitary Development Plan 2005 http://www.birmingham.gov.uk/udp

46 Birmingham City Council (2014) Examination documents www.birmingham.gov.uk/plan2031/examination

commissioned a range of studies including a Strategic Housing Market Assessment[47] in 2012 which found that "*housing need over the plan period would be far greater than the capacity of the urban area to accommodate it*" and went on to look at the potential for both sub-regional working and Green Belt review.[48][49] The Council has been exploring both of these issues and is working with neighbouring authorities.

In January 2015, the Planning Inspector responsible for examining the draft Birmingham Development Plan sent interim findings to the Council requesting further work on housing needs assessment and the sustainability appraisal in relation to the scale of Green Belt development.

Waheed Nazir, Birmingham Council's Director of Planning and Regeneration, responded positively to the Planning Inspectors requests and said: *"I am pleased to note that the inspector considers that the work in relation to the duty to cooperate will achieve a satisfactory outcome in terms of soundness, which reflects the extensive joint working that the council has undertaken with its neighbouring authorities... [This] is an important step forward towards the adoption of the BDP, which will be critical in supporting the growth agenda in the city."*[50]

Birmingham Municipal Housing Trust

In 2009 Birmingham City Council launched Birmingham Municipal Housing Trust. The Trust is part of the Council and works in partnership with private developers to deliver new homes across the City. So far, over 1,400 homes have been delivered or are under construction. Birmingham Municipal Housing Trust delivers a mix of housing tenures including homes for rent and homes for sale. Through the Trust, the Council brings forward both large (500+) and smaller-scale council-owned sites and develops them for social rent and for market sale.

The funding for the Council's new build programme through Birmingham Municipal Housing Trust comes from a *"mixture of internally generated resources, grant from the Homes and Communities Agency, and recycled surpluses from house sales with the land being provided to the scheme at no cost. The delivery of the market sale element is on the basis of a deferred receipt to the Council, which is then utilised to offset the construction costs of the social rented properties. There is no developers profit achieved on a BMHT scheme, any surpluses created from the homes for sale are reinvested into new homes for rent or into community benefits such as road improvements or Public Open Space."*[51]

Birmingham Municipal Housing Trust is now the "*largest provider of new housing- both for rent and market sale- across the city."*[52] The Council allocates homes for rent with a priority for existing secure tenants who want to move home. Private sector delivery partners market the homes for sale to the general public.

A 2013 Birmingham Municipal Housing Trust customer Survey found that of the occupiers of the new homes built by Birmingham City Council none were dissatisfied, 98% were satisfied and 69% very satisfied. Of the owner occupied properties 5% were dissatisfied, 90% were satisfied and 40% very satisfied.[53]

---

47 Roger Tym & Partners and HD Planning and Development (2013) Birmingham City Council Strategic Housing Market Assessment 2012 – Executive Summary (Paragraph 7, page ii)

48 Peter Brett Associates (2013) Birmingham City Council **Housing Targets 2011-31 -** Technical Paper (paragraph 2.8, page 4)

49 Birmingham City Council (2014) Birmingham Plan 2031. Birmingham Development Plan. 5-Year Land Supply 2014-19

50 Dunton, J. (2015) Inspector calls for more work on Birmingham local plan. Planning Resource http://www.planningresource.co.uk/article/1328475/inspector-calls-work-birmingham-local-plan

51 Birmingham Municipal Housing Trust and Community Infrastructure Levy sites https://www.birminghambeheard.org.uk/development/community-infrastructure-levy-draft-charging-sched/supporting_documents/Birmingham%20Municipal%20Housing%20Trust%20additional%20paper.pdf

52 Birmingham City Council (2015) Welcome to the Birmingham Municipal Housing Trust http://www.birmingham.gov.uk/cs/Satellite/bmht?packedargs=website%3D4&rendermode=live

53 Birmingham City Council (2014) BMHT Project Board Report http://www.birmingham.gov.uk/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadername1=Content-Disposition&blobkey=id&blobtable=MungoBlobs&blobwhere=1223560242932&ssbinary=true&blobheadervalue1=attachment%3B+filename%3D320834BMHT_2013_Customer_Survey_report_and_results.pdf

The Birmingham Municipal Housing Trust has won a number of awards, including a 2011 Chartered Institute of Housing (CIH) UK Housing Award. The then CIH President Helen Collins said: "*Birmingham City Council...have demonstrated the amazing difference that building great quality, affordable homes can make to people and communities.*"[54]

Key lessons:

Birmingham Municipal Housing Trust demonstrates the Council's ambition to not just to increase the quantity of new homes, but also the quality. By working in partnership the Council delivers a range of housing types and tenures to meet local housing need.

Self-financing mechanisms, such as the Housing Revenue Account, are enabling investment in new homes, however removing the debt cap would provide the financial capacity for Birmingham City Council - and other authorities across the country - to significantly expand output.

The scale of the impact of the Right to Buy programme in Birmingham highlights the need for one-for-one replacement. This is very challenging through the current Right to Buy discounts.

2.3 Flintshire County Council: Council-led Property Management Company

The housing challenge in Flintshire

Flintshire is located in a unique border location in Wales, being the country's most north-easterly county. Flintshire borders Denbighshire to the west, Wrexham County Borough to the south, and the English county of Cheshire to the east. Flintshire has a population of 152,500, based on the 2011 census, which is an increase of just under 3,000 people or 2.6% compared to 2001 figures.[55]

Flintshire Local Housing Strategy 2012 – 2017 identifies that the 2008 credit crunch and subsequent financial crisis resulted in multiple impacts on the delivery of housing in Flintshire; including a reduction in private investment in housing and private house building, a lack of mortgage availability, a reduction in public subsidy and reduced public sector capital receipts with fewer asset sales.[56] Flintshire's Local Housing Strategy goes on to recognise that although house prices have fallen since 2007, getting on the housing ladder for a first time buyer has not become more affordable due to low wages and limited if any salary increases. The average age of a first time buyer is now 37 years.

The Council's Local Housing Strategy goes on to set Flintshire's *"ambition is to increase the supply and variety of affordable homes, by at least 740 new properties, over the next 5 years."*[57] These will include a range of options including *"Social and Affordable Rental, Rent to Save, Shared Equity, First Time Buyer Loans, Homebuy and homes built as Gifted Units or using Commuted Sums."*

The planning context

The Flintshire Unitary Development Plan (UDP) was adopted in 2011 and is the Council's plan for the period 2000-2015. The Flintshire UDP sets out a housing need of 7,400 dwellings for the Plan period (2000-2015) which represents the need for 493 new dwellings per year.[58]

54 Chartered Institute of Housing (2011) Birmingham City Council Municipal Housing Trust wins leading UK award http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Birmingham_City_Council_Municipal_Housing_Trust_wins_leading_UK_award

55 ONS (2012) Census shows population of Wales is more than three million http://www.ons.gov.uk/ons/rel/mro/news-release/census-shows-population-of-wales-is-more-than-three-million/censuswalesnr0712.htm

56 Flintshire County Council (date) Flintshire Local Housing Strategy 2012 – 2017 (page 6, section 25)

http://cyfarfodyddpwyllgor.siryfflint.gov.uk/documents/s13073/Enc.%201%20for%20Flintshire%20Local%20Housing%20Strategy%202012%20-%202017.pdf?LLL=undefined

57 Flintshire County Council (date) Flintshire Local Housing Strategy 2012 – 2017 (page 9, section 36)

http://cyfarfodyddpwyllgor.siryfflint.gov.uk/documents/s13073/Enc.%201%20for%20Flintshire%20Local%20Housing%20Strategy%202012%20-%202017.pdf?LLL=undefined

58 Flintshire County Council (2011) Flintshire Unitary Development Plan (Section 11.18) http://www.cartogold.co.uk/flintshire/text/english/11.htm

The Flintshire UDP includes a policy on 'Affordable Housing within Settlement Boundaries' (HSG10) which states that:[59] *"Where there is a demonstrable need for affordable housing to meet local needs, the Council will take account of this as a material consideration when assessing housing proposals. Where this need exists the Council will negotiate with developers to provide 30% affordable housing in suitable or appropriate schemes within settlement boundaries."*

In 2014 Flintshire County Council, and neighbouring council Wrexham, undertook a joint Local Housing Market Assessment. Residents in both local authority areas were asked to take part in a survey to help both councils plan for future housing need. The joint assessment "*will find out how much housing is required, what the aspirations of households are and the need for specialist and supported housing for particular groups, such as older people.*"[60]

Flintshire County Council is now embarking on the preparation of a Local Development Plan (LDP) for the County for the 15 year period from 2015 to 2030.

Council-led Property Management Company

Flintshire County Council has set up North East Wales (NEW) Homes and Property Management, a council owned company that owns, leases and manages properties across Flintshire. It is the first local authority in Wales to set up its own housing company.[61] The aim of NEW Homes and Property Management *"is to increase the quantity and quality of affordable housing whilst providing a professional service to landlords and tenants."*[62]

The governance arrangements for NEW Homes and Property Management include a Board of eight directors which includes five councillors, one local authority officer and two appointed directors with experience in the housing sector. The Council is the sole shareholder.

NEW Homes and Property Management has taken an innovative approach to meeting the challenges experienced by residents in accessing affordable housing. In addition to renting out it the council's own properties, the council-owned management company provides the following services:

- **Competitive Fees:** The core value of NEW Homes and Property Management is to provide affordable housing to local people. The fees are transparent, with no hidden charges, so that the Council is able to set affordable rental values.
- **Lettings and Management:** NEW Homes and Property Management is able to provide a full management service for Landlords in Flintshire, assessing tenants on the council waiting list by undertaking a full affordability and previous landlord checks as part of the selection process.
- **Improving choice to people over 55:** In order to meet the needs of older people, who may wish to downsize or require more accessible housing, Flintshire County Council has created a programme which enables older homeowners to lease their property to NEW Homes and Property Management and be assisted to move into more suitable social housing to meet their needs.

NEW Homes and Property Management are developing a Marketing and Branding Strategy to maximize publicity on the organisation and the wide services it delivers. In order to build on the progress it has made during the first operating year, a Board Away Day was independently facilitated to review and plan for the next stage of NEW Homes and Property Management development and

59 Flintshire County Council (2011) Flintshire Unitary Development Plan (Section 11.72) http://www.cartogold.co.uk/flintshire/text/english/11.htm

60 Flintshire County Council (2015) Development Plans and Policies http://www.flintshire.gov.uk/en/Resident/Planning/Development-plans--policies.aspx

61 Flintshire County Council (2015) North East Wales Homes & Property Management http://www.flintshire.gov.uk/en/Resident/Housing/North-East-Wales-Homes--Property-Management.aspx

62 North East Wales Homes and Property Management (2015) About us http://www.northeastwaleshomes.co.uk/inventory

growth. The following key areas of work emerged from the Away Day:

- Further business modelling;
- Risk management / stress-testing / business recovery plan;
- Marketing - Strategic Product Development advice and leadership;
- Borrowing and investment advice;
- Board Member skills – skills assessment required, skills gaps determined, gaps filled by recruitment of members or co-optees;
- Board ownership to be improved by allocation of roles for members to lead on.

Key lessons

Flintshire County Council demonstrates how a council-led housing company is a proactive way of increasing the quantity and quality of affordable housing whilst providing a professional service to landlords and tenants. The public has responded positively with a keen interest from applicants and prospective tenants. NEW Homes has housed 32 applicants to date[63] as well as providing advice and support to a far greater number. The council is confident that if they had a larger portfolio they 'could have re-housed double the amount of people.'

So far 11 private landlords have signed up to have their property managed to date with more in the pipeline. Some of the landlords signed have more than one property being managed by NEW Homes.

By providing a bespoke package of support for residents over 55, the council is enabling older people to downsize which has two key benefits: it frees up existing family homes and it ensures older people are in accessible accommodation that meets their needs.[64]

2.4 West Lothian Council: New build council houses

The housing challenge in West Lothian

West Lothian is one of the 32 local authorities in Scotland. It borders Edinburgh, Falkirk, North Lanarkshire, the Scottish Borders and South Lanarkshire. West Lothian has a population of around 173,000 (based on 2011 mid-year estimates) and it is projected to increase by over 32,000 to 205,345 by 2035[65].

In the preface to the West Lothian Local Plan, Martyn Day, Executive Councillor for Development and Transport, highlights the transformation of West Lothian in recent decades: *"West Lothian continues to undergo a major transformation. In the mid-1980s the district suffered from high unemployment, major industrial closures and economic stagnation."* Councillor Day goes on to say *"Thankfully, times have changed….West Lothian is growing fast, whether we are talking about population or jobs…. further land is needed to meet the growth targets for the district over the next fifteen years or so. And we have taken this challenge on board in an imaginative and exciting way, by identifying a number of major development allocations, or core development areas. These allocations, of up to 5000 houses, will certainly bring challenges but we also see them offering major opportunities."*[66]

Following the housing market crash of 2008, West Lothian Council is focused on housing recovery as a positive step to achieving economic growth. In both 2011 and 2012 West Lothian Council held a

63 Information provided by Flintshire County Council on 17th March 2015

64 By the 17th March 2015 there had only been 1 over 55 applicant been re housed by Flintshire County Council with NEW Homes entering into a lease for their home. According to Flintshire County Council this is mainly due to the legal complexities associated with the allocation of Council properties which have now been resolved.

65 West Lothian Council (2015) Information and Statistics. The latest population and census figures for West Lothian http://www.westlothian.gov.uk/article/2093/Information-and-Statistics

66 West Lothian Council (2015) West Lothian Local Plan http://www.westlothian.gov.uk/WLLP

'Housing Recovery Conference' to explore 'what steps could be taken to increase the effective housing land supply in West Lothian'[67]. Attendees included representatives from the house building industry as well as other stakeholders and in response to the issues and ideas raised, the council produces a 'Housing Recovery Conference Action Plan'. In the 2012 Action Plan the council has identified 65 actions including the sustainable use of land in council ownership to accelerate the delivery of more homes, for example Actions 56 to 58 states the council will:

- "market council land for house building in 2012 to widen the choice of sites available (Action 56).
- consider allowing developers to pay for sites in instalments to help with development viability (Action 57).
- assess the potential to bring forward sites for further council house building (action 58)."[68]

The report also identifies opportunities for the council to diversify the housing mix and choice through raising *"the profile of self building as an alternative mechanism for delivering new housing and we will encourage and promote the release of land for self build projects in West Lothian."* (action 65)

The planning context

The West Lothian Local Plan, the first district-wide local plan for West Lothian, was adopted by West Lothian Council in January 2009. The West Lothian Local Plan was developed to meet the strategic priorities of Edinburgh and Lothians Structure Plan 2015, however this sub-regional plan has now been superseded by the Strategic Development Plan (SESplan)[69] The Council is currently working on the West Lothian Local Development Plan which will, in time, replace the West Lothian Local Plan as the 'main policy document that sets out a vision of how West Lothian should develop in a sustainable way'.[70]

Given West Lothian's proximity to Edinburgh, the West Lothian Local Plan states that the Council must not only meet the need of people living within the local authority: *"The housing land requirement for West Lothian is intended to meet both local requirements and requirements generated from Edinburgh and elsewhere."*[71] The Local Plan identifies the housing need over the plan period to 2015, taking into account the wider housing requirements of the sub-region, and sets out a range of policies for achieving sustainable growth across the local authority area. These include the identification of Core Development Areas, making best use of brownfield and re-development sites in urban areas, avoiding town cramming, providing recreational and amenity open space, high quality design and layout within new housing developments, and a requirement for developers to deliver affordable housing as part of the planning consent.

Housing Policy 10 of the West Lothian Local Plan states: *"Developers of residential development sites will be required to transfer fully serviced land capable of delivering 15% of the total site capacity (in terms of the number of units authorised by a planning permission) as affordable housing to: the local authority; a Registered Social Landlord (RSL); or a social housing provider, to be nominated or otherwise agreed by the council."*[72] In core development areas, the affordable housing requirement is 25%.

The council has in place a Local Infrastructure Fund and in October 2013 allocated funding to several projects which would help facilitate new build council housing.

---

67 West Lothian Council (2012) Housing Recovery Conference Action Plan http://www.westlothian.gov.uk/media/2385/Housing-Recovery-Conference-Action-Plan/pdf/house-recover-confrence-action-plan.pdf

68 Ibid

69 The Edinburgh and the Lothians Structure Plan 2015 was revoked in June 2013 following approval by Scottish Ministers of the new Strategic Development Plan for South East Scotland (SESplan) and no longer forms part of the approved development plan.

70 West Lothian Council (2015) West Lothian Local Plan http://www.westlothian.gov.uk/WLLP

71 West Lothian Council (2015) West Lothian Local Plan http://www.westlothian.gov.uk/WLLP Paragraph 6.61, Page 86

72 West Lothian Council (2015) West Lothian Local Plan http://www.westlothian.gov.uk/WLLP Policy HOU 10, Page 96

New build council homes in West Lothian

West Lothian Council began a programme of new build Council housing in 2007. The first phase of the programme is complete with over 250 new council homes, and the second phase for almost 550 is due to be completed in 2015. The Council have also commitment to a further 1,000 new council homes across West Lothian and the first phase of this is now under way.[73] The new council homes will be exempt from the Right to Buy policy.

West Lothian Council is now a major provider of homes in the area. Each year the council produces a Housing Land Audit (HLA) and the latest report shows the increasing role of the public sector in delivering new homes.[74] In the financial year 1 April 2013 to 31 March 2014, just over 615 new houses were built in West Lothian and West Lothian Council alone successfully delivered close to 40% of all completions.

Key lessons

West Lothian Council's Housing Recovery Conference provides an excellent forum for open discussion between the public and private sectors on how to accelerate the delivery of more and better homes and the subsequent 'action plan' demonstrates both a commitment from the local authority and a practical set of actions.

West Lothian Council is working with other local authorities in the Edinburgh City Region to identify the housing needs and opportunity across the area.

West Lothian Council has become a key provider of new Council Homes financed through borrowing, government grant, developer contributions and council tax on second homes.

2.5 Northern Ireland Housing Executive and Derry City Council: Regeneration on council land

The planning and housing context in Northern Ireland

This study is taking place during a period of transition for local government in Northern Ireland. The Local Government Act (Northern Ireland) 2014 has transferred powers from central to local government *'in planning, roads, urban regeneration, community development, local economic development and local tourism.'*[75] It has also reduced the number of local authorities in Northern Ireland from 26 councils to 11. The Vesting Day for the 11 new councils was on the 1 April 2015.

Housing policy remains the overall responsibility of the Department of Social Development. Established in 1971, the Northern Ireland Housing Executive is the strategic housing authority, which is the equivalent of local authority housing providers in Great Britain, but organised in a divisional structure. The House Executive manages 89,000 homes and has programme to build 2000 units of social housing in 2015. Working in partnership with local authorities across Northern Ireland, the Housing Executive provides services to people living in socially rented, privately rented and owner occupied accommodation.[76]

About Derry

The area currently covered by Derry City Council is home to around 108,000 people making it the third largest population in Northern Ireland. In the decade between the 2001 and 2011 Census the

---

73 West Lothian Council (2014) New Build Council Housing http://www.westlothian.gov.uk/article/2330/New-Build-Council-Housing

74 West Lothian Council (2014) Moving Forward: West Lothian's Housing Recovery Newsletter No 10 August 2014 http://www.westlothian.gov.uk/media/4916/Housing-Recovery-Newsletter-August-2014/pdf/Housing_Recovery_newsletter_No10_August_20141.pdf

75 Department of Environment (2015) Local Government Reform http://www.doeni.gov.uk/local_government_reform

76 Northern Ireland Housing Executive (2015) About us http://www.nihe.gov.uk/index/about.htm

population has grown by 2.86%.[77]

As part of the local government reorganisation agreement, Derry City Council will be merging with Strabane District Council on 1st April 2015. The area covered by the new Council has a population of 147,720 (8.16% Northern Ireland's population).

The new council will gain responsibility for planning. Derry City Council have been encouraging the public to get involved in planning for the new council area and have held a series of community engagement events. John Kelpie, Chief Executive of the new Council, has been keen for people to *"…share their views on local issues and services in the new Council area…The transition to our new council will undoubtedly present challenges but we are committed to working with the residents and community partners of this Council area to initiate the changes needed to promote positive engagement, modernise local government and improve services."*[78]

A partnership approach to new social homes on council land

In February 2015 plans for up to 80 new social homes and community facilities at Creggan Burn Park in Derry were presented for public consultation.[79] The development proposal is a partnership between the Northern Ireland Housing Executive, Derry City Council, Apex housing association and the Glen Development Initiative, with the aim of bringing forward a significant community-led regeneration and meeting local housing needs. There are currently more than 3,000 people waiting for social housing in the Derry City Council area.[80]

In 2009 the Northern Ireland Housing Executive cleared the site, demolishing the Cedar and Glen Court flats, and secured an outline planning permission for the development of social housing and a community centre. There was support for the demolition of the Glen Court Cedar Court flats, from both elected members and the general public. They were poorly designed and subject to anti-social behaviour on a regular basis.

Speaking to a local newspaper a representative from Derry City Council said *"Since this period, [Derry City] Council as a partner, have been working with a range of agencies in developing the proposed scheme further. The scheme will see the proposed development by Apex of up to 80 social housing units on Council-owned land and the erection of a new modern purpose-built community centre to serve the needs of the local community."*[81]

As the above quote illustrates, the proposed development has been publicised in the local press and on local radio. Apex housing association sent letters to local residents, politicians and councillors describing the scheme (social housing and community centre), and enclosing a Site Layout. The letter also confirmed where members of the public could go to view the drawings and the written feedback received was generally positive.

Due the level of interest in the scheme, a public meeting is taking place in early April 2015 and details will be published in the local press. There are some local concerns about additional traffic in the area and the provision of social housing. The Northern Ireland Housing Executive, Apex housing association and the Glen Development Initiative will continue to work collaboratively with the council, elected members, residents and statutory consultees to address any concerns raised.

77 Derry City Council (website accessed 2015) Statistics for Derry City Council http://www.derrycity.gov.uk/statistics-(1)/Key-Statistics

78 Derry City Council (2015) Public urged to get involved in planning for new Council (11/02/15) http://www.derrycity.gov.uk/News/Public-urged-to-get-involved-in-planning-for-new-C

79 BBC (2015) Derry housing: 80 social houses planned for the Glen area http://www.bbc.co.uk/news/uk-northern-ireland-foyle-west-31108546

80 BBC (2015) Derry housing: 80 social houses planned for the Glen area http://www.bbc.co.uk/news/uk-northern-ireland-foyle-west-31108546

81 McDaid, B (2015) Creggan Burn plans unveiled tomorrow http://www.derryjournal.com/news/creggan-burn-plans-unveiled-tomorrow-1-6553193

Key lessons

The case study demonstrates good partnership working between the national authority for housing (the Northern Ireland Housing Executive), the local council, Apex housing association and the community. The social housing will be jointly funded by DSD (grant aid) and Apex (private finance).

The case study also demonstrates a long-term commitment to community engagement and the effective use of council-owned land to deliver social housing and community facilities.

3: Analysis and recommendations

Part three of the report sets out an analysis which has identified a number of key themes relating to the challenges and opportunities faced by councils in the delivery of more and better social and affordable housing. It is followed by a series of recommendations which flow out of the analysis.

3.1 Overview of the housing challenge

The analysis of challenges and opportunities set out in this chapter is based upon a survey of local authorities across the UK (see annex 1), five case studies (set out in part 2 of the report) and an expert roundtable (see annex 2).

The need for well managed, high quality affordable and social housing affects every council in the UK. However, the nature of the housing challenge is different for each council, depending on a range of factors including whether they have their own housing stock and the condition it is in, the overarching economic conditions in the area and the value of land and land constraints.

Many local authorities who responded to the online survey described their local housing challenge as 'extremely difficult', 'significant', 'horrible' and 'enormous'. Some respondents were more optimistic stating the housing challenge in their local area was 'complex, but exciting' and 'interesting' and in the case of one respondent they painted a picture of 'an ambitious growth agenda and growth is currently outperforming national trends.'

Respondents expressed concern about the following issues:

- Growing housing need with demand outstripping supply
- The lack of genuinely 'affordable' homes and increasing waiting lists
- Growing levels of homelessness
- Ageing population
- Empty homes
- Constraints on land supply due to Green Belt
- Lack of a five-year land supply
- Vacant and derelict land with high remediation costs
- Limited viability due to low land values and consequently a lack of development activity
- The structure and condition of the existing social housing stock
- Lack of a national political priority on affordable and social housing
- The impact of the Right to Buy on housing stocks and finance

Many of these challenges are illustrated through the case studies in part 2. For example, the Oxford City Council case study clearly illustrates how unaffordable some of our towns and cities have become (see section 2.1). Whereas, the Birmingham City Council case study provides evidence of growing waiting lists for social housing, partly due to a lack of housing available because of the Right to Buy (see section 2.2).

3.2 Key themes

3.2.1 Political leadership

Many of the local authorities who responded to the survey and all of those featured in the case studies (see Part 2) have a strong commitment to meeting the housing challenge. However, concerns were raised that there needs to be consistent, national prioritisation of affordable and social housing by the UK Government, Scottish Government and Welsh Government.

Many councils identified leadership and business skills as a key barrier to bringing forward innovative new models of housing. In order for local authorities to build on their successes as place-shapers 'councils need to develop decent business cases' to attract 'funding through Local Enterprise Partnerships and long-term finance from pension funds and other institutional investors'.

3.2.2 Land

A council's ability to deliver more social and affordable housing depends on access to land. Land is an essential component of development, and pressure on its supply, particularly in areas of high demand, is substantial and growing.

Councils can play a vital role in co-ordinating land assembly and planning. This is particularly important when a proposal for new housing involves a number of landowners, who in turn may each have different agreements with developers. Where a local authority has access to council owned land, (for example see the Oxford City Council case study) they are able to form innovate joint-venture partnerships and ensure the quality of the development which takes place (see section 2.1).

Of the 115 councils that responded to the survey question 'what is the dominant model of delivering social and affordable housing in your local authority area?' just under 10% stated joint ventures on council owned land, the vast majority (over two thirds – 69%) did this through the planning process via Section 106 agreements and 22% through direct delivery.

However, it is important to note that partnerships between the private sector and the council can take place with or without the council having a stake in the land.

The release of public sector land provides a unique opportunity for the Government to take a strategic approach to land assembly for housing growth and regeneration. The Government can play a key role in the assembly and co-ordinated release of public sector land, working in partnership with councils and the private sector.

However, at present, there is limited understanding of the amount and suitability of public land available for housing as recently highlighted by Jonathan Seager, head of housing policy at London First: *"Action is needed on unused and under-utilised public sector because it's estimated that 40 per cent of brownfield land suitable for development in the country remains in public sector ownership. Nobody yet knows how many homes this type of land could support."*[82]

The London Land Commission has been established to co-ordinate the sale of unused or under-used public sector land for housing including all details of land ownership to be administered by a single well-informed source and based at the Greater London Assembly. APSE have suggested that "…this concept should be expanded to cover the entire country so that there exists a one stop source for developers to access relevant details. The problems associated with finding out who owns land has been a long standing problem for developers and local authorities; the initiative in London should be applied nationwide."

3.2.3 Planning

The key issues raised around planning were getting a Local Plan in place that demonstrates a five year land supply, guidance on Strategic Housing Market Assessments, cross-border coordination, viability and section 106 planning obligations, and skills and resources.

Local plans

Of the respondents surveyed just over half (53%) reported to have an up-to-date plan with an adopted five year land supply. The five year land supply requirement was a key concern of many of the local authorities who responded, due to environmental and planning designations such as Green Belt

82 Edgar, L (2015) London Land Commission a '21st century Domesday Book for housing delivery'. The Planner. http://www.theplanner.co.uk/news/london-land-commission-a-%E2%80%9821st-century-domesday-book-for-housing-delivery

and economic constraints such as viability. 41% of the 111 councils who responded to this particular question did not have an 'up-to-date' local plan with an adopted five year land supply; a further six local authorities did not know whether they did or not. The absence of a Local Plan is clearly a major issue for housing delivery and appears to be related to both resources, political consensus and the workability of national government policy.

The plan preparation and review process should allow authorities to use a solid evidence base to take a holistic and long-term view and consider the most sustainable options for the scale and location of future growth and regeneration. This requires a range of assessments, including evaluations of housing requirements, urban capacity (for example Strategic Housing Market Assessments), employment, the economy, flood risk, transport, biodiversity, landscape, and energy production needs and capacity. Survey respondents expressed concern about a 'lack of resources' and 'specialist skills' needed to undertake these assessments and in particular the need for Government to set out 'clearer guidance on Strategic Housing Market Assessments'.

Cross-border coordination

The feedback from the roundtable discussion made clear that in the English context the "*duty to co-operate was not designed to a proxy for strategic planning at a wider sub-regional or regional scale.*" While there is evidence that the duty to cooperate has driven usual cooperation, there was a particular issue in high demand areas where local authorities who failed to comply with the duty are left without a sound legal framework for the delivery of housing need through planning.

In two tier authority areas in England, respondents from counties described their role as 'influencing' planning decisions on housing at the district level. County councils highlighted the importance of their role in delivering infrastructure (schools, hospitals and transport) and the need for central Government to fund this.

Some county council respondents suggested that there needed to be 'better co-ordination between districts' in some areas, in terms of both planning for housing and the management of housing stock. One respondent recommended that 'County Structure Plans' are re-introduced and others suggested that a return to some form of 'strategic planning' is needed. There was a powerful consensus at the roundtable discussion that to be effective, plans need to reflect functional housing market areas.

In Scotland, Wales and Northern Ireland there is a national and strategic tier of planning which facilitates cross-border working between local authorities. The West Lothian case study (see section 2.4) illustrates the sub-regional framework in Scotland working in practice. Given West Lothian's proximity to Edinburgh, the West Lothian Local Plan states that the Council must not only meet the needs of people living within the local authority: "*The housing land requirement for West Lothian is intended to meet both local requirements and requirements generated from Edinburgh and elsewhere.*"

Viability

In England the National Planning Policy Framework (NPPF) introduced a new policy on viability testing. The test is based on a straight forward residual valuation, but it is framed narrowly to "provide a competitive return to willing developers and land owners". In response to the question 'has the viability test, as set out in the NPPF, helped or hindered your local authorities ability to secure sufficient social and affordable housing to meet local needs?' over half (54%) of the 95 councils that responded to this question said it had hindered, around a third didn't know only 14% felt it had helped.

In addition, many of the respondents highlighted the viability test as a key area of concern and priority for reform because it has led to policy for a series of vital public interest outcomes to be downgraded or removed particularly in relation to the provision of social and affordable homes and the regeneration of areas with high remediation costs and low economic demand.

Section 106 planning obligations

With over two thirds of councils delivering social and affordable housing through planning obligations (known as section 106 contributions in England) there was concern from councils about multiple changes to the section 106 regime. The combined impact of the exemption of 'small-scale developers' from section 106 contributions, the Vacant Building Credit, and the permitted development changes, along with the wider viability test in the NPPF, all significantly reduce the scope for local authorities to achieve social and affordable housing

Section 106 and small-scale developers

Recent Government changes exempt 'small-scale developers, for sites of 10-units or less, and which have a maximum combined gross floor space of 1,000 square metres' from playing section 106 contributions for affordable housing. A number of respondents to the survey were concerned about these changes and suggested developers were reducing the size of their schemes to beneath the 10-units threshold, but putting in multiple applications to avoid making a contribution to affordable housing, for example an original proposal may have been for 18 houses and now the developer is putting in two applications of 9 homes each.

Vacant Building Credit

There was a concern, particularly among roundtable participants, that the Vacant Building Credit, recently introduced by the UK Government, would reduce the land available for commercial activities in addition to reducing developer contributions for affordable housing. These concerns are echoed in both the public and private sector. In a recent statement, Chairman of the Westminster Property Association, Daniel Van Gelder said: *"I fear there may be a tipping point where the commercial heart of London becomes irreparably diminished."*[83] In a recent interview, Southwark Council's cabinet member for regeneration Cllr Mark Williams said the policy is *"deeply unjust and could potentially cost the people of Southwark thousands of affordable homes, at a time when we are desperately trying to provide as many affordable homes as possible"*.[84]

Permitted Development

Survey respondents and roundtable attendees both expressed concerns with the further deregulation of permitted development which meant while local councilors are being 'blamed for poor outcomes of office to residential development' they had no effective powers over the outcomes. In particular, not only were councils unable to secure contributions from developers for affordable house, but this had the potential 'to further erode the economic prosperity of our towns and cities, removing valuable work spaces without thinking about the future of our high streets'.

3.2.4 Housing Management

Of the 122 local authorities that responded to the survey question 'what is the dominant model of managing social and affordable housing in your area?' around 40% are directly managing their housing stock, half of the councils stated that Registered Providers/ Housing Associations managed their social and affordable housing and about 10% had Arms Length Management Organisations (ALMOs).

Key concerns around the management of social and affordable housing, whether in the direct control of the council, an ALMO or Housing Associations/ Registered Providers, were:

- The need for more stock and more staff
- The need for better alignment of budgets and services
- The condition of the existing stock with councils reporting 'huge repairs problems' and

83 Westminster Property Association (2015) Statement from the WPA Chairman on recent changes to the vacant building credit http://westminsterpropertyassociation.com/vacant-building-credit-statement/

84 Tilley, J (2015) Southwark Council outlines plans to circumvent 'unjust' vacant building credit. Planning Resource (4 March 2015) http://www.planningresource.co.uk/article/1336706/southwark-council-outlines-plans-circumvent-unjust-vacant-building-credit

stressing the need for 'greater funds to deal with the existing stock' and improving the 'building fabric'

- The need to better integrate the voids process
- More support needed for vulnerable people including the disabled
- Refocusing activities towards management
- Greater control and independence from the Council and conversely the need to 'bring the ALMO back in to the local authority'
- Integrated neighbourhood approach

Survey responses varied greatly to the question 'what more could be done to improve the quality of your housing stock?' Some respondents reported that their social housing was 'well managed with high levels of satisfaction' and improvements had been made due to 'recently streamlining the management and maintenance'. Another respondent suggested that the council should aim to be 'the landlord of choice'.

It was suggested that 'local authorities need to rediscover the role of local housing associations' identifying this as an area where greater collaboration would help some council's to become '*more commercially minded about the provision of all types of housing*.' This suggestion is echoed in a recent report by the New Local Government Network on how councils and housing associations can collaborate for impact. The report recommends councils "should establish cross-departmental working groups, which involve local housing associations and health partners to examine opportunities develop and deepen collaboration and integrated services."[85]

The approach by Flintshire County Council has been to set up a council-led property management company to increase the quantity and quality of affordable housing across the county whilst providing a professional service to landlords and tenants (see section 2.3). In addition to providing a professional letting and management service, Flintshire County Council has created a bespoke package of support for residents over 55, enabling older people to downsize which has two key benefits: it frees up existing family homes and it ensures older people are in accessible accommodation that meets their needs.

The direct provision of housing

Many local authorities are now looking to build council houses again, either directly or in partnership. For example, West Lothian Council is now a major provider of homes (see section 2.4). Each year the council produces a Housing Land Audit (HLA) and the latest report shows the increasing role of the public sector in delivering new homes.[86] In the financial year 1 April 2013 to 31 March 2014, just over 615 new homes were built in West Lothian and West Lothian Council alone successfully delivered close to 40% of all completions.

3.2.5 Funding

In considering future reform of housing and planning, councils highlighted the need for investment as a key priority to enable them to deliver new social and affordable homes. Many respondents called for direct funding, from national Governments or via the Homes and Communities Agency (in England). Respondents and roundtable participants also argued that in the long-term Government needs to 're-balance investment in housing from benefits to bricks' suggesting that increasing the supply of social and affordable housing would reduce the housing benefit bill. Respondents also pointed out that they were 'not making the case for reducing housing benefit' but that increasing the supply of social and affordable housing would 'help people get out of the benefit trap in the longer-term'.

85 Wilkes, L (2015) A design for life, how councils and housing associations can collaborate for impact. New Local Government Network http://www.nlgn.org.uk/public/wp-content/uploads/A-DESIGN-FOR-LIFE.pdf

86 West Lothian Council (2014) Moving Forward: West Lothian's Housing Recovery Newsletter No 10 August 2014http://www.westlothian.gov.uk/media/4916/Housing-Recovery-Newsletter-August-2014/pdf/Housing_Recovery_newsletter_No10_August_20141.pdf

The following issues were raised with regard to funding:

- **Investment:** Calls for greater investment in social and affordable housing, supporting infrastructure and funding specifically targeted at regeneration.
- **Borrowing freedoms and the Housing Revenue Account (HRA) debt cap:** Respondents call for 'more borrowing freedom within the HRA debt cap' to 'lifting the HRA debt cap' entirely.
- **Right to Buy:** Respondents suggested a 'reduction in the Right to Buy discount'.
- **New Homes Bonus:** The majority of respondents did not think the New Homes Bonus was incentivising the delivery of social and affordable homes, although some councils welcomed the income and were concerned and wanted 'certainty over the future of the New Homes Bonus'.

Each of the four points above is expanded upon in further detail below:

Investment

In response to the survey question 'what would most assist your local authority in the delivery of new social and affordable homes?' many councils identified the need for more direct investment in house building and supporting infrastructure. There was concern about the level of grant funding available and the lack of consistency in financial support for housing.

In areas with high land remediation costs or areas with low land values, respondents highlighted the need for Government funding for regeneration. This ranged from calls for investment in staff resources through to support for land remediation.

Where there is public investment and a shared vision, community-led regeneration is happening as illustrated by the Northern Ireland Housing Executive and Derry City Council case study (see section 2.5). At Creggan Burn Park in Derry there are plans for 80 new social homes and community facilities being brought forward by a partnership between the Housing Executive, Derry City Council, Apex housing association and the Glen Development Initiative.

Borrowing freedoms and the Housing Revenue Account

In 2012 the Government introduced 'self financing' mechanisms for council housing through reform of the Housing Revenue Account. The Government's aim was *'to give councils the resources, incentives and flexibility they need to manage their own housing stock for the long term and to improve quality and efficiency'.*[87] These changes to the Housing Revenue Account affect 169 local authorities in England who still have housing stock. However, as part of the self-financing agreement, the Government has imposed a cap on the overall levels of borrowing councils can undertake against their Housing Revenue Account stating that '*this is necessary to ensure we manage overall levels of public sector spending to help reduce the national deficit'*[88].

Many of the respondents to the survey called for '*greater flexibility for councils to borrow within the Housing Revenue Account'* and others called for the cap to be lifted. For local authorities who have not retained their housing stock the Housing Revenue Account is less of a significant issue and they are looking at other ways to finance new council homes.

Reforms to the Housing Revenue Account are already having a positive impact on the ability of local authorities to build new homes. As the Birmingham City Council case study illustrates (see section 2.2), the council has ambitious plans to build over 2,000 new homes over the next five years, investing £254 million from the council's Housing Revenue Account resources within a borrowing cap of £1.136bn. The Lyons Housing Review highlights that if the Housing Revenue Cap was lifted, Birmingham City

87 DCLG (2012) Improving the rented housing sector https://www.gov.uk/government/policies/improving-the-rented-housing-sector--2/supporting-pages/housing-revenue-account-reform-self-financing

88 Ibid

Council could '*build a further 18,000 new homes by 2031, meeting a quarter of the city's overall housing requirement*'[89]. Lifting the borrowing cap in London would mean 'an extra £2.8 billion available for investment in social and affordable housing in the capital'. The Association of Retained Council Housing and the National Federation of ALMOs also support lifting the borrowing cap, estimating that it would '*provide the financial capacity to expand output to 20,000 homes per year*' and enable councils to upgrade their existing stock.[90]

The UK Government have resisted removing the Housing Revenue Borrowing cap because of fears that it would compromise the Government's deficit reduction strategy. However, as called for by APSE for over a decade and set out by the Association of Retained Council Housing and the National Federation of ALMOs pre-election manifesto:

> *"Housing Revenue Account Borrowing is unlike most other Government borrowing. It involves investment in a public asset yielding a rental income – repayment of the debt is not a call on public taxation. There is a strong case for reforming public borrowing rules to classify such borrowing separately, as is the practice elsewhere in Europe as well as by the IMF, and exempting it from the deficit reduction strategy."*[91]

Local authorities are also looking at funding opportunities outside the Housing Revenue Account through setting up council-owned companies and joint ventures to leverage in funding from a range of partners, such as institutional investors and local authority pension funds.

Right to Buy

The Right to Buy, introduced in 1980, enables council tenants to purchase their council home at a discount which is currently up to £77,000 across England, and up to £102,700 in London boroughs. The rules in Scotland, Wales and Northern Ireland vary.

The impact of the Right to Buy has been to stimulate homeownership, however since its introduction almost 2 million council houses have been lost.[92] In addition, around a third of properties sold through Right to Buy are now privately rented often at higher rents than that paid through housing benefit.[93]

Respondents to the survey proposed that the Right to Buy discount should be reduced to enable councils to genuinely invest in one-for-one replacement of the social housing through this mechanism. It was also suggested that 'councils need more flexibility over exempting new build social housing from the Right to Buy'.

New Homes Bonus

The New Homes Bonus is a grant paid by central government to local councils in England and is designed to incentivise house building. It is paid each year for 6 years on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use as well an extra payment for providing affordable homes[94].

Of the 93 councils in England that responded to the question 'has the New Homes Bonus successfully incentivised the delivery of new social and affordable housing in your local authority area?' over half the respondents (58%) said no, whereas less than a quarter (24%) said yes and a further 18% didn't know.

89 The Lyons Housing Review (2014) The Lyons Housing Review. Mobilising across the nation to build the homes our children need http://www.yourbritain.org.uk/uploads/editor/files/The_Lyons_Housing_Review_2.pdf

90 ARCH and the National Federation of ALMOs (2015) For a council housing renaissance – a joint manifesto by ARCH and the HFA

91 Ibid

92 Pati, A (2013) Larger right-to-buy discounts risk depleting council housing stock http://www.theguardian.com/housing-network/2013/sep/16/right-to-buy-discounts-risk-council-finances

93 Sprigings, N. and Smith, D.H. (2012) 'Unintended Consequences: Local Housing Allowance meets Right to Buy' in Policy and Practice Online, Volume 6, Issue 2.

94 DCLG (2015) Increasing the number of available homes https://www.gov.uk/government/policies/increasing-the-number-of-available-homes/supporting-pages/new-homes-bonus

The survey results re-confirm findings by the National Audit Office on the New Homes Bonus in 2012 and a 2011 study by the TCPA[95]. Both studies highlighted a number of issues about the design and implementation of the incentive regime, including questioning whether the funding has, or will, lead to more housing completions than would have already happened, and the unfair impacts the Bonus has on local authorities in areas of lower demand.

3.2.6 Construction skills and capacity

At the roundtable discussion a representative from APSE rightly highlighted, that in addition to "… developing policies, liberating local authorities, encouraging investors and identifying land, it is essential that the construction industry has the capacity to be able to build because without them the problem will not be addressed." It was recognised that the Government needed to provide support to the supply chain, promoting and providing further funding for training and encouraging technological change within the sector.

It was also discussed that many local authorities train apprentices and give them experience to develop into skilled operatives, suggesting that this is another area where councils can play their part in helping to expand the sector. Councils can be part of growing an industry which will be building more homes than ever for many years to come. It was also highlighted that it is important to avoid a short term boom in building and instead the focus should be on a substantially bigger construction industry to build many more homes over many years.

3.3 Recommendations

Political leadership

Recommendation 1: The Government should forge a lasting cross-party consensus that local authorities are a key part of the solution to the housing crisis, providing clear leadership to encourage councillors and their authorities to think boldly and in the long term.

Recommendation 2: To enable local government to develop innovative, financially sustainable models of facilitating and delivering new housing – of all types and tenures – the Government needs to invest in local authority leadership and business skills and resources.

Recommendation 3: To engender a new debate about meeting local housing need, councillors must provide strong political support and leadership, with a clear vision and firm commitment to providing social and affordable housing. This commitment should be expressed in corporate planning and as early as possible in the Local Plan process to provide reassurance and certainty for all parties involved, even though development may not commence for some time.

Land

Recommendation 4: Councils should play a stronger role in co-ordinating land assembly and planning acting as lead developer to drive delivery. Where councils own land they should explore creative opportunities to bring it forward. As the Oxford City Council case study illustrates, joint ventures on council-owned land provide the opportunity to share assets, skills and resources between the public and private sectors.

Recommendation 5: When releasing public sector land, Government should coordinate between Government departments and agencies and empower councils to decide how best to facilitate development in their area. Local authorities should also be given the responsibility and support for collecting details of unused or under-used land which can be combined into a nationwide database of potential housing sites based upon the recently announced London Land Commission.

95 TCPA (2011) 'Policy analysis of housing and planning reform' http://www.tcpa.org.uk/data/files/tcpa_jrfpolicyanalysis_final_report.pdf

Planning

Recommendation 6: The key opportunity for the coordinated delivery of high quality social and affordable housing in inclusive communities is an effective and up to date Local Plan. However, with around half the respondents not having a plan in place with an adopted 5-year land supply, measures to properly support plan preparation should be a key priority area for action for the new UK Government. As such, the UK Government should produce clearer and more comprehensive guidance on key issues such as Strategic Housing Market Assessments.

Recommendation 7: The expansion of combined authorities in England is a major opportunity to recreate effective strategic planning for housing. Government should play a role in this process by ensuring combined authorities can adopt strategic spatial plans with statutory weight and that the scope, timescales and content of such plans allows them to best support local planning and coordinate cross border relationships with other city regions and combined authorities.

Recommendation 8: The UK Government should introduce a national spatial framework, looking at other models such as the approach in Scotland, in order to re-address regional imbalances and provide a coordinated approach to housing and infrastructure. Such a strategy should include a comprehensive laboratory of data on population and demographic trends.

Recommendation 9: The UK Government must amend the viability test in the National Planning Policy Framework ensuring it is more balanced and allows for the consideration of economic data on the cost and benefits to the public sector and therefore wider economy of policy measures such as the achievement of social and affordable housing.

Recommendation 10: The UK Government should reverse the central deregulation of permitted development. Instead control over permitted development should be handed to local authorities.

Recommendation 11: The UK Government should reverse the recent changes which exempt developments of 10 homes or less from section 106 affordable housing contributions and cancel the recently introduced Vacant Building Credit.

Housing Management

Recommendation 12: Councils have an opportunity to become the 'landlord of choice' rather than necessity by providing a professional service to both landlords and tenants. They can also provide bespoke packages to meet the needs of certain demographics, as illustrated by Flintshire County Council's scheme to enable older people to downsize.

Recommendation 13: Housing management and maintenance – 'build, maintain, improve' - should be coordinated with other council services such as health, education and social care, whether the stock is managed by a council, ALMO or Housing Association/ Registered Provider. Through establishing local authority cross-departmental working groups, working with housing association and health partners, there is a greater opportunity for collaboration to support residents' health and well-being.

Funding mechanisms

Recommendation 14: In making the case for new housing – at least 240,000 homes annually in England alone – the incoming Government need to take a view beyond five-yearly election cycles and work out how an ambitious construction programme can be funded. The effective capture of increasing land values (betterment) for the wider benefit of the community must be an essential aspect of such funding. This is a tried-and-tested approach but requires the political will necessary to make it happen.

Recommendation 15: The UK Government should lift the Housing Revenue Account borrowing

cap which would significantly increase local authorities' ability to deliver new social and affordable homes. The Government should re-visit the issue of whether investment in housing is part of the public sector borrowing requirement (PSBR). As APSE has consistently called for and the Association of Retained Council Housing and National Federation of ALMOs highlight "*there is a strong case for reforming public borrowing rules to classify such borrowing separately, as is the practice elsewhere in Europe as well as by the IMF, and exempting it from the deficit reduction strategy*."

Recommendation 16: Government should review the overall Right to Buy policy and immediately reduce the discount so that Right to Buy enables councils, ALMOs and Registered Providers/ Housing Associations to genuinely invest in one-for-one replacement of the social housing.

Recommendation 17: UK Government should review the New Homes Bonus scheme immediately to assess whether it is delivering its objectives in a fair and effective way.

Construction skills and capacity

Recommendation 18: The Government needs to support the expansion of the construction industry, recognising the current capacity constraints on delivery due to factors such as the availability of skilled and unskilled workers, equipment and raw materials. Local authorities can also play an important role in expanding the sector through apprenticeships.

The new Government is presented with a unique opportunity to shape the future of the nation. By providing the strong political leadership, a progressive planning framework, genuinely empowering local authorities (and reversing recent deregulatory changes) and enabling councils to borrow to build, there is a huge opportunity for councils to once again play a full and active role in planning, delivering and managing social and affordable homes.

The Government needs to act outside of the usual electoral cycle – a 5 year plan will not be adequate to solve this problem. The aim should be to take action which has lasting impacts on the lives and homes of people in 50 to 100 years' time rather than 5 years.

This report sets out a clear call to action to Government to renew its commitment to enabling councils to build the outstanding, inclusive and genuinely affordable homes the nation needs and deserves. This means providing quality affordable homes for all, not just a safety net for some.

Annex 1: Survey questions and results

The survey was sent to Council Leaders, Cabinet Members for Housing and Planning, Heads of Planning and Chief Planning Officers (or their equivalent) in local authorities across the UK, using Survey Monkey, between 2nd February 2015 and 26th February 2015. All responses are treated as anonymous.

132 local authorities from across the UK completed the survey, with

- 115 from local authorities in England (out of a total of 353 local authorities in England)
- 10 from local authorities in Scotland (out of a total of 32 local authorities in Scotland)
- 6 from local authorities in Wales (out of a total of 22 local authorities in Wales)
- 1 from Northern Ireland

About you

1. Which local authority do you represent/ work for?

2. What is your name?

3. What is your role/ job title?

This information is treated as confidential because all survey responses are anonymous in the report.

Your local area

4. How would you describe the housing challenge for your authority? [please state]

Many local authorities who responded to the survey described their local housing challenge as 'extremely difficult', 'significant', 'horrible' and 'enormous'. Some respondents were more optimistic stating the housing challenge in their local area was 'complex, but exciting' and 'interesting' and in the case of one respondent they painted a picture of 'an ambitious growth agenda and growth is currently outperforming national trends.'

Respondents expressed concern about the following issues:

- Growing housing need with demand outstripping supply
- The lack of genuinely 'affordable' homes and increasing waiting lists
- Growing levels of homelessness
- Ageing population
- Empty homes
- Constraints on land supply due to Green Belt
- Lack of a five-year land supply
- Vacant and derelict land with high remediation costs
- Limited viability due to low land values and consequently a lack of development activity
- The structure condition of the existing social housing stock
- Lack of a national political priority on affordable and social housing

Your council's approach to managing social and affordable homes

5. What is the dominant model of managing social and affordable housing in your local authority area?

What is the dominant model of managing social and affordable housing in your local authority area?		
Answer Options	Response Percent	Response Count
Direct management	39.7%	48
ALMO (arm's length management organisation)	9.9%	12
Registered Providers/ Housing Associations	50.4%	61
Other (please specify)		15
[answered question 121, skipped question 11]		

Other included a combination of all three – direct management, ALMOs and Registered Providers/ Housing Associations.

6. What more could be done to improve the management of your housing stock? [please state]

Some respondents reported that their social housing was 'well managed with high levels of satisfaction' and improvements had been made due to 'recently streamlining the management and maintenance'. Another respondent suggested that the council should aim to be 'the landlord of choice'.

Key concerns and recommendations included:

- The need for more stock and more staff
- The need for better alignment of budgets and services
- The condition of the existing stock with councils reporting 'huge repairs problems' and stressing the need for 'greater funds to deal with the existing stock' and improving the 'building fabric'
- The need to better integrate the voids process
- More support needed for vulnerable people including the disabled
- Refocusing activities towards management
- Greater control and independence from the Council and conversely the need to 'bring the ALMO back in to the local authority'
- Integrated neighbourhood approach

Your council's approach to delivering more social and affordable homes

7. What is the dominant model of delivering social and affordable housing in your local authority area?

What is the dominant model of delivering social and affordable housing in your local authority area?		
Answer Options	Response Percent	Response Count
Direct delivery	21.9%	25
Through the planning process vie Section 106	68.4%	78
Joint ventures on council-owned land	9.6%	11
Other (please specify)		19
[answered question 114, skipped question 18]		

8. If your local authority is directly delivering new social and affordable housing, how is this funded?

Responses included:

- Grant funding nationally and in England through the HCA
- Using the Housing Revenue Account
- A combination of the answers stated in response to question 7

The role of planning in delivering more social and affordable homes

9. Do you currently have an up-to-date plan with an adopted 5 year land supply?

Do you currently have an up-to-date plan with an adopted 5 year land supply?		
Answer Options	Response Percent	Response Count
Yes	53.6%	59
No	40.9%	45
Don't know	5.5%	6
[answered question 110, skipped question 22]		

England only question

10. Has the viability test as set out in the National Planning Policy Framework helped or hindered your local authority's ability to secure sufficient social and affordable housing to meet local needs?

Has the viability test as set out in the National Planning Policy Framework helped or hindered your local authority's ability to secure sufficient social and affordable housing to meet local needs?		
Answer Options	Response Percent	Response Count
Helped	13.8%	13
Hindered	53.2%	50
Don't know	33.0%	31
[answered question 94, skipped question 38]		

England only question

11. Has the New Homes Bonus successfully incentivised the delivery of new social and affordable housing in your local authority area?

Has the New Homes Bonus successfully incentivised the delivery of new social and affordable housing in your local authority area?		
Answer Options	Response Percent	Response Count
Yes	23.9%	22
No	57.6%	53
Don't know	18.5%	17
[answered question 92, skipped question 40]		

Future priorities

12. In considering future reform of housing and planning what would most assist your local authority in the delivery of new social and affordable housing.

The range of responses are set out in chapter 3.

Annex 2: Roundtable attendees

A high-level roundtable discussion was held on Tuesday 3rd March 2015 at the TCPA, 17 Carlton House Terrace, London, SW1Y 5AS.

- Cllr Matthew Bennett, Cabinet Member for Housing, Lambeth
- Simon Bevan, Director of Planning, Southwark
- John Bibby, Managing Director, Association for Retained Council Housing (ARCH)
- Phil Brennan, Housing Lead, APSE
- Tom Copley AM, Assembly Member and Labour Housing Spokesperson, GLA
- Cllr John Gardner, Deputy Leader, Stevenage Borough Council
- Shannon Harvey, Head of Research, Shelter
- Peter Hetherington, TCPA Chair
- Mark Jaggard, Spatial and Economic Development Manager, Oxford City Council
- Alan Joyner, Executive Director, Gallagher
- Cllr John Kerr Brown, Councillor, Warrington Borough Council
- Waheed Nazir, Director of Planning and Regeneration, Birmingham City Council
- Paul Nichols, Divisional Director Regeneration and Planning, Harrow Council
- Paul O'Brien, Chief Executive, APSE
- Catriona Riddell, TCPA Trustee
- Bhavash Vashi, Director Barton Willmore
- Cllr Barry Wood, Leader, Cherwell District Council

This report aims to reflect the range of opinions expressed at the roundtable, but not every detail contained within it will reflect the opinions of all the attendees at the discussion. It should, however, reflect the spirit of constructive collaboration and considered debate

LOCAL SERVICES LOCAL SOLUTIONS

PRICE	
APSE Members	£20.00
APSE Non-members	£40.00

Association for Public Service Excellence
2nd floor Washbrook House
Talbot Road, Manchester M32 0FP

telephone: 0161 772 1810
fax: 0161 772 1811