

Briefing Paper

Decent Homes Funding Awarded To 46 Councils

March 2011

Introduction

Housing Minister Grant Shapps and the Coalition Government have stated (as have previous administrations) that decent homes are an essential part of creating thriving and sustainable communities and are vital for the health and wellbeing of those living in them.

In 1997 there were 2.1 million houses owned by local authorities and housing associations that did not meet the Decent Homes Standard.

By the end of 2010, 92% of social housing met the Decent Homes Standard of being warm and weatherproof with reasonably modern facilities.

The 2010 Spending Review settlement published on 20th October 2010, included the announcement of £2.1bn capital funding from 2011/12 to help deliver Decent Homes.

Of this, £1.6billion was made available to Local Authority landlords (including those with stock managed by Arms Length Management Organisations) to help tackle the backlog of homes that are not meeting the Decent Homes Standard, with the remaining £500million available to 'gap' fund existing stock transfers. This is less than the £8.9billion envisaged in the consultation paper issued by the previous government in July 2009.

Distribution Mechanism

The Homes & Communities Agency proposes to allocate the funding on the following basis:

- Only authorities with more than 10% of their stock non-decent will be eligible unless there are exceptional circumstances
- There will be no requirement to have an Arms Length Management Organisation or to achieve a two star rating at inspection to access the funding
- There will be an emphasis on value for money with the aim of maximising the number of homes that reach the decent homes standard within the limited budgets
- The Homes & Communities Agency would like to see authorities addressing energy efficiency at the same time as decent homes

The Homes & Communities Agency wants to ensure:

- Good value for public expenditure in the cost of capital works, driven by a high quality asset management strategy and best practice in procurement
- That the capital funding provided does not substitute for other resources available to an authority as it moves towards a self-financing approach

- That funding provided will be spent and outcomes achieved
- In assessing requests for funding account will be given to:
- Need – the size of the council’s backlog as a proportion of the size of its stock
 - Efficiency – the amount of funding per unit requested, considering the appropriateness of this in the context of estimated capital works costs and the effectiveness of the procurement approach and any particular stock requirements

Priorities during the first two years will be areas that:

- Have programmes in progress
- Have high levels of non-decent homes
- Offer good value for money
- Have secured other funding that is dependent on their decent homes delivery
- Can demonstrate that lower costs and improved value can be obtained through early spend

The Homes & Communities Agency comments that:

“Budgetary constraint means that most council landlords with a backlog will not receive the level of funding they may have hoped for within the spending review period. Similarly, council landlords with a currently funded arms length management organisation are also unlikely to receive the level of funding they have anticipated in 2011/12.”

New Announcement

In February 2011, it was announced that forty six councils will share funding of £1.6billion to bring 150,000 of their houses and flats up to the decent homes standard.

The announcement was made by Housing Minister Grant Shapps who unveiled the outcome of the bidding process and said that the funding should end the Decent Homes backlog in the local authority sector by 2015. Others have doubted whether this will be the case.

Grant Shapps said:

“To reflect our commitment to fairness and protecting the most vulnerable people in our society, we set aside over £2bn at the Spending Review to bring as many social homes as we can up to scratch – this was despite the tough decisions we took to tackle the record deficit.

“Too many families live in non-decent accommodation, so I am pleased that so many of them will see a difference due to this funding.”

Of the £1.4billion allocation, £821million is being given to London local authorities to reflect the capital’s relatively high levels of substandard housing.

It also includes, for the first time, funds for councils that manage their own housing.

A total of 24 councils that submitted a bid have not been funded, while most have received a proportion of the funding they bid for.

The remainder of the £2.1billionn announced in the Spending Review will meet existing commitments to 28 local authorities that are in the process of making Large Scale Voluntary Transfers to housing associations. However, it has subsequently emerged that at least one of these authorities may not be able to access this funding.

The spend profile for the backlog Decent Homes Backlog programme mirrors that outlined in the Homes & Communities Agency's consultation, with funding increasing each year, and approximately two-thirds allocated in 2013/14 and 2014/15. The funding during these last two years, though, is indicative.

Homes and Communities Agency chief executive Pat Ritchie said following this announcement that:

"This is good news for tenants in thousands of homes, as we have successfully opened up funding to new local authorities and balanced that with a significant allocation to authorities already to programmes through arm's-length management organisations.

"We put a strong emphasis on value for money through a pragmatic allocation process, but our involvement in Decent Homes does not stop with an investment decision.

"As part of our new enabling role we will now add our specialist expertise to the mix to help local authorities deliver their Decent Homes works as quickly and cost-effectively as possible."

She added that the Homes & Communities Agency's new enabling role would help councils to carry out their Decent Homes work as quickly and cost-effectively as possible.

To maximise the impact of Decent Homes Backlog funding made available by Government the Homes & Communities Agency put particular emphasis on achieving value for money, with local authorities responding with good value bids.

As a result funding will help refurbish around 150,000 council homes, with tenants benefiting from new kitchens, bathrooms and other improvements.

New Homes Bonus

Grant Shapps also published the final design for the New Homes Bonus scheme. This follows a consultation that ran at the end of last year.

Beginning in April, the scheme guarantees that revenue generated in council tax from new housebuilding will be matched by Whitehall.

Councils stand to gain an average of £9,000 for each Band D home built in their area. This would increase to £11,000 for an affordable home. An area building 1,000 new homes could stand to gain £10m to spend as it saw fit.

Grant Shapps said:

“We need to get the country building again...to kick-start a housebuilding revolution, development needs to be backed by local communities rather than opposed by them.”

Post Allocation Reaction

The fact that total funding has been reduced as part of the 2010 Comprehensive Spending Review inevitably meant that many local authorities would receive insufficient funding for their decent homes programmes. In particular, authorities that had yet to complete their arms length management organisation decent homes programmes have seen their funding cut. However, for those authorities that have a significant requirement for decent homes work and that were not on the arms length management programme, these allocations are good news. Even a small contribution towards achieving decent homes is better than nothing!

A midlands arm's-length management organisation has hit out at its 'disappointing' allocation of £86 million decent homes cash despite receiving the highest funding pledge outside of the capital. Nottingham City Homes described last Thursday's award as a 'major blow for Nottingham's council tenants' and their Chief Executive, Chris Langstaff, said:

“We are very disappointed that because of the reduced funding, we will not be able to finish our programme as soon as we wished.”

The Arms Length Management Organisation claims its real funding settlement is £40 million because a £46 million allocation for 2013/14 and 2014/15 has been made on a 'provisional' basis. It had expected to receive £91 million.

The allocation has forced the Arms Length Management Organisation to shelve plans to expand an apprentice scheme which is helping 75 people gain trade qualifications.

The previous Labour administration only allowed housing refurbishment cash to be awarded to authorities which set up an Arms Length Management Organisation.

Michael Clegg, head of existing stock at the Homes & Communities Agency, said:

“Two-year funding commitments are a standard approach within this spending review and in the past; and it is right that given the large amount of public money being invested, we should check delivery and value before confirming the second two years of funding.”

Adam M. Waite
March 2010

Decent Homes Backlog Programme Allocations 2011-15

Name of bidder	ALLOCATION TOTAL (for 2011-15)	2011/12 allocation	2012/13 allocation	2013/14 allocation	2014/15 allocation
Barking and Dagenham	42,000,000	2,000,000	9,500,000	15,000,000	15,500,000
Basildon	66,948,617	13,448,617	16,214,995	19,664,003	17,621,002
Bassetlaw	11,795,000	3,795,000	4,500,000	3,500,000	0
Blackpool	20,650,000	5,150,000	7,000,000	4,000,000	4,500,000
Brighton and Hove	2,200,000	0	0	1,000,000	1,200,000
Camden	55,000,000	8,000,000	9,500,000	10,000,000	27,500,000
Charnwood	11,000,000	2,620,000	2,620,000	2,620,000	3,140,000
Cheshire West & Chester	8,500,000	0	0	3,000,000	5,500,000
Chesterfield	8,205,000	0	0	2,270,000	5,935,000
Corby	1,855,000	0	0	1,855,000	0
Doncaster	46,900,000	12,900,000	17,000,000	7,400,000	9,600,000
Durham	69,886,219	14,600,000	17,000,000	12,000,000	26,286,219
Eastbourne	3,917,922	1,250,550	2,667,372	0	0
Enfield	58,606,091	14,000,000	18,000,000	12,000,000	14,606,091
Hackney	61,583,333	15,833,333	18,250,000	16,000,000	11,500,000
Haringey	69,931,470	15,000,000	21,000,000	6,451,470	27,480,000
Harlow	6,391,660	0	0	2,246,500	4,145,160
Havering	62,747,667	8,166,667	16,000,000	15,000,000	23,581,000
Kingston upon Hull	2,500,000	0	0	0	2,500,000
Kingston upon Thames	11,588,690	0	2,000,000	4,389,380	5,199,310
Lambeth	100,500,000	7,000,000	11,500,000	30,000,000	52,000,000
Lewisham	94,500,000	11,000,000	14,500,000	24,000,000	45,000,000
Manchester	29,245,000	3,100,000	500,000	5,000,000	20,645,000
Melton	395,000	0	0	395,000	0
Mid Devon	1,400,000	0	0	200,000	1,200,000
Newham	12,000,000	5,000,000	7,000,000	0	0
North East Derbyshire	52,062,000	8,500,000	7,500,000	19,781,000	16,281,000
North West Leicestershire	20,750,000	0	3,690,000	8,500,000	8,560,000
Northampton	49,300,000	0	4,540,000	14,760,000	30,000,000
Nottingham UA	86,128,000	19,007,000	21,550,000	24,770,000	20,801,000
Redbridge	18,659,150	5,000,000	6,000,000	7,659,150	0
Salford	51,855,000	10,500,000	12,000,000	12,000,000	17,355,000
Sandwell	1,600,000	1,600,000	0	0	0
Sedgemoor	24,860,525	5,610,525	6,250,000	6,000,000	7,000,000
Shropshire	3,105,000	1,200,000	1,200,000	0	705,000
South Lakeland	300,000	0	0	0	300,000
South Tyneside	71,200,000	15,200,000	21,000,000	21,000,000	14,000,000
Southend-on-Sea	10,446,000	3,446,000	7,000,000	0	0
Southwark	76,943,599	0	11,250,000	15,000,000	50,693,599
Stevenage	24,585,052	5,929,308	4,750,000	4,348,159	9,557,585
Stroud	5,900,000	0	0	0	5,900,000
Sutton	62,420,000	8,000,000	14,000,000	14,000,000	26,420,000
Tower Hamlets	94,500,000	11,000,000	12,500,000	25,000,000	46,000,000
Waverley	8,460,248	0	2,317,633	3,238,225	2,904,390
Wokingham	5,117,757	0	0	2,990,113	2,127,644
Wolverhampton	66,561,000	22,143,000	21,700,000	11,962,000	10,756,000
Total	1,595,000,000	260,000,000	352,000,000	389,000,000	594,000,000
Actual Budget Profile	1,595,000,000	260,000,000	352,000,000	389,000,000	594,000,000

The following Authorities did not receive an allocation under the Backlog Programme:

Barnet
Birmingham
Bristol
Colchester
Dacorum
East Riding of Yorkshire
Gateshead
Gloucester
Islington
Leeds
Lewes
Milton Keynes
Newcastle upon Tyne
Oxford
Selby
Sheffield
Solihull
Southampton
Stoke-on-Trent
Waltham Forest
West Lancashire
Westminster
Winchester
Woking