



Working in partnership



Information Pack

Housing Plus Academy Policy Think Tank

Working together: A win-win for local authorities and housing associations

Tuesday 18th and Wednesday 19th October at Trafford Hall

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This Information Pack has been produced by LSE Housing & Communities for the purpose of the Working Together Think Tank at Trafford Hall on 18-19th October 2016. It provides participants with some articles and reports which we thought might be of interest to the delegates attending the Think Tank. The Pack includes web-based information found on 14th October 2016. We take full responsibility for any inaccuracies or mistakes we might have made.

About the Housing Plus Academy

The Housing Plus Academy is a partnership between 15 leading social housing providers, the National Housing Federation, the Chartered Institute of Housing and the National Communities Resource Centre at Trafford Hall. It has been developed to promote knowledge exchange and participative learning among frontline staff and tenants of social landlords. The Academy tackles burning problems affecting social landlords today, particularly welfare reform, financial pressure, energy saving, work and skills, community enterprise, and resilience. The Housing Plus Academy is supported by the Joseph Rowntree Foundation and LSE Housing and Communities.

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The Housing Plus Academy aims to reflect the diversity of social housing, its staff, tenants and customers. We welcome representatives from ethnic minority backgrounds, a wide range of ages, and those with disabilities. We also welcome small community-based organisations including Tenant Management Organisations, Community-Based Housing Associations, Community Land Trusts, and tenant co-operatives.

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1. Changing relationship

30 October 2015 on Inside Housing | By Jonathan Bunn

Housing associations and councils have long worked together to meet housing need, but is the relationship under strain due to the Right to Buy deal and other recent government policies? Jonathan Bunn finds out.



Housing associations and local authorities have for decades enjoyed close relationships as they pursue the common goal of providing homes for those in need.

As Dame Clare Tickell, chief executive of Hanover Housing Association, told *Inside Housing's* House of Lords reception last week: "There is a sense of common purpose that we share in terms of commitment to local communities."

However, in recent weeks there have been a few worrying signs that the relationship may be coming under strain.

While government measures such as the social rent cut and changes to planning agreements are set to create tough challenges for both associations and councils, it is the National Housing Federation's (NHF) offer to extend Right to Buy voluntarily which has caused ructions. So to what extent is the sector in need of a marriage guidance counsellor?

High and dry

First to re-cap. The NHF, fearful of a loss of independence for housing associations, last month balloted its members on an offer to government to voluntarily introduce the extension of Right to Buy to 1.3m housing association households. The snag is, as far as councils are concerned, is that the discounts for the Right to Buy extension will be funded by forcing them to sell their high-value stock.

Therefore, even though the NHF deal does not refer directly to council stock, it is intrinsically linked. A perception that councils were not kept in the loop by the NHF as it negotiated its offer with government has led to accusations of a shady back-room deal.

The Local Government Association (LGA) in October put out a statement saying that council leaders were 'disappointed that the NHF has secretly attempted to **strike** a deal.'

James Murray, executive member for housing at Labour-led Islington Council, says: "They did it without consulting us ahead of the offer being published and in many cases not even consulting us when they were talking to their boards about the offer.

"It has left us in an extremely difficult position where by virtue of the connection between the Right to Buy extension and the forced sale of council houses, it has left us high and dry."

The extent to which councils should have been included more in the deal negotiations is debatable. Keith Exford, chief executive of Affinity Sutton, suggested that associations went alone because they did not feel they had allies in councils, or anywhere else. He said: “When the NHF started its discussions with government, it was at a point when we had no friends or allies. There was no one saying this is a terrible thing to lose this housing association stock.

“I can only imagine that both individual councils and their representative bodies were themselves having conversations with government about how they could persuade them to move away from the disposals policy.”

Catherine Ryder, policy advisor at the NHF, does not deny councils were not consulted. However, she says it was up to the government to decide how to fund the discounts and the NHF is opposed to the sale of high-value council stock.

Bigger concern

The sale of high-value council stock is not the only aspect of the deal to concern councils, though. Under the NHF offer, the government would “implement deregulatory measures” to help associations support tenants into homeownership, and provisions to allow deregulation were duly incorporated into the Housing and Planning Bill.

The NHF has suggested associations be given “greater control over who they house”. This has set alarm bells ringing for some councils, perhaps fearful that associations may be moving away from housing the poorest.

John Bibby, chief executive of the Association of Retained Council Housing (ARCH), said: “What was a complete surprise included in the deal is the requirement that section 106 agreements and nomination arrangements be renegotiated.”.

“Nobody is quite clear what exactly that means but clearly it does recast that relationship between local authorities and registered providers.

“The question is how commercial are individual associations going to be? Because if they are going to be commercial, then in reality what is the difference between them and a volume house builder?”

The Right to Buy deal, along with changes to planning rules to allow Starter Homes to be classed as affordable housing, is leading to concerns that associations might not be best placed to deliver the affordable homes local authorities want. The 1% annual social housing rent cut has also prompted some organisations to build more homes for sale.

An exclusive *Inside Housing* poll of 135 housing association chief executives last month showed nearly one in three (31.9%) said it is likely their organisations will stop entering new deals to build homes for sub-market rent as a result of the cut.

So how will councils, some of which will be receiving more devolved housing funding and powers through combined authorities, respond?

Forward thinking

Mr Murray added that Islington Council would now have to “take the lead” on building new homes for social rent.

He did not rule out working with housing associations, but said the council would only work with providers if they “share our goals”. Peter Box, LGA housing spokesperson, earlier this month, said: “Giving councils a lead role in housebuilding is the only way to guarantee new affordable homes are built for future generations.”

Housing associations are currently writing letters to councils to reassure them that they are still committed to working with local authorities to meet housing need.

Steve Douglas, partner at consultancy Altair, says the onus is on associations to repair relationships and offer assurances that they are still committed to their founding principles.

He says: “The smartest associations are picking up the phone to their local authorities, organising to see them and are building the bridges.”

And, he says, many councils are more than willing to talk. “Local authorities are keen to understand how associations can contribute to providing all tenures.”

While associations are reaching out to councils, some are downplaying talk of a fundamental shift in the relationship.

Brian Johnson, chief executive of Metropolitan, says: “It is just about reinforcing an existing relationship, which is one of working together to resolve the massive housing shortage.” Mr Johnson said the likely difficulties in providing affordable homes due to the planning changes on Starter Homes and the 1% social housing rent cut can be overcome by collaboration with councils. He says: “Part of the solution to this is likely to be starting to create a series of different steps of rent levels to ensure affordability of homes.”

Similarly, Mr Exford believes associations and councils have to be innovative in order to maintain social rent provision in difficult circumstances. The Affinity Sutton chief executive believes there is an opportunity for housing associations to play a role in the new devolved landscape.

He says: “We are talking to a number of local authorities about extending our strategic partnerships under devolution deals, under joint ventures about sharing risk and about how we can utilise land and assets in a very creative way.” Mr Exford says housing associations have experience of forming joint ventures with house builders that most councils do not have, so could share knowledge with councils.

The NHF-led voluntary deal on Right to Buy has undoubtedly the potential to put a strain on the relationship between associations and councils, some of which are feeling let down by associations for agreeing to a move which would force them to sell off their stock.

Housing associations’ responses to government policy, in some cases reducing the number of homes they build for low-cost rent, or changing the demographics of people they house, could also affect the relationship further.

The indications are though that housing associations are making attempts to reassure local authorities and councils are also keen to talk. Lord Richard Best, former president of the LGA, last week said there is a danger of a “them and us” situation developing in which there is “falling out” within the sector.

He says: “Local authorities and housing associations have got to make it a partnership.

“The only way we are going to be strong is to stick together and to not forget the underlying social purpose that we all about.” Social housing professionals across England will be hoping councils and associations do just that in order to tackle the housing supply crisis.

2. Shaping housing's future: Understanding agendas and forging partnerships

12 January 2016 on Inside Housing | By Chloe Stothart

The second of two Social Housing roundtables, supported by Places for People, saw attention turn to relationships, HA independence and understanding agendas, writes Chloe Stothart



Since the summer, each month seems to bring at least one new shake-up in housing policy. The July Budget and more recently the November spending review have introduced changes that will have a major impact on housing associations and their tenants.

The question at our roundtable at the start of December 2015 – the second with Places for People following our first event in October – was ‘how can housing providers respond’.

Government relationships

With so much upheaval in the last 12 months, there are questions around what the sector’s relationship with government should look like.

Lord Bob Kerlake, chair of Peabody and former head of the civil service, says that while housing associations should not be ‘agents of government delivery’, they may choose to help the government with their housing agenda.

He argues that they should ultimately do what is right for their individual organisation.

‘We have shared interests but we do not have the same interests. I do not think we should suborn the distinct interests of the sector to get into the good books of government,’ he says.

Laura Smith, head of construction and manufacturing at the CBI, says one approach is using sector expertise to offer support and advice to government.



'I think areas where there is an opportunity for constructive dialogue include planning, deregulation and land. [Government] needs help on what ideas should look like and that is where as a sector or as individuals you can have that constructive relationship.'

She gives the example of how other industries have found common ground with government while retaining a separate identity.

'The automotive and aerospace sectors did it exceptionally well. Over the last five or 10 years, they were on their knees in the UK and got together to put a positive, proactive story to government to say 'we recognise we need to sort our houses out but we might need your help here and here'.'

Chris Walker, head of housing and planning at Policy Exchange, says housing supply and deregulation are other areas of shared interest.

He says: 'Maximising housing numbers is one of government's overriding objectives. There is an opportunity there. Not least given the decision on reclassification, there are opportunities on the deregulation agenda.'

A number of participants suggest the tone of the sector's relationship needs to change to become more solution-focused.

Messaging is also important. Central grant funding is lower down the priority list than access to public land and planning, says Richard Hill, CEO of Spectrum, but that message has not been communicated very well. Lord Kerlake points out that grant was always there as an enabler to build more and help make schemes viable, and never something that HAs should rely on. He says the private sector is arguably more dependent on government support, when a third of all new build outside London is supported by Help to Buy.

He also says everyone needs to be 'realistic' about how long reclassification will take, adding that 20 months would be a minimum time period for the issue to be addressed.

Independence

Matthew Bailes, chief executive of Paradigm, says the sector needs to move away from a 'parent-child' relationship to something 'more aloof'.

He thinks flexibility around disposal consents will give housing associations more say over what they do with their property portfolios, while helping to address the reclassification issue.

However, he adds: 'It is not risk-free because people released from regulatory constraints might make bad use of that freedom. But I think the balance of risks is now such that we are better off hedging against political risks and having more assets outside the government's direct purview.'

A key strategic objective for him is to be less exposed to political risk.

'My own view is that just running an RP and having all your revenues dictated by government – either through the rent standard or housing benefit – is actually quite risky now. Maybe in five years' time potential lenders will look at us and say we would like more flexibility and a range of risk, not just regulated.'

One risk of less government regulation is that the credit rating agencies may take a less benign view of the sector and give less of an uplift for implicit government support.

Tariq Kazi, head of credit on the affordable housing & PRS guarantee schemes at the Homes and Communities Agency, says: 'If we lose that we will probably see greater polarisation in the sector that will have to be managed.'

Mr Kazi also suggests that parts of the sector are no longer going to be able to rely on the borrowing capacity or the annuity income on the rental portfolio to fund developments. He points to more segregation between long-term assets and short-term development financing, with the latter potentially becoming more expensive.

One theme from a number of attendees was that HAs need to do what is best for their own organisation. Neil Hadden, CEO at Genesis, says associations 'have to make their own futures and cannot rely on government support'.

But as Richard Hill, CEO of Spectrum, points out, the new environment means 'what's good for individual associations and what's good for the sector might not be the same.'

Lord Kerslake says what his group does 'has to be rooted in the mission of Peabody and what makes sense in terms of our own interests'.

For Peabody, that ambition – including its major East London Thamesmead regeneration project – has had a knock-on effect from the rating agencies, resulting in two downgrades since 2013.

Lord Kerslake says: 'These are big ambitious things and therefore the rating agencies don't look at it and say 'good news you're delivering homes for London', they say how does that sit in terms of our fairly standardised risk assessment models.

'Each one of us will have to make that individual choice, and the aggregate outcome of that choice may not be the best outcome for London.'

The most important relationship in terms of delivery is the local one, says Ann Santry, chief executive of Sovereign, as it is more likely to lead to support on planning and access to land and the opportunity to link up areas such as housing, education and health. It also offers the opportunity to explain the impact of national policy on a local level.

Local government

Piers Williamson, chief executive of The Housing Finance Corporation, says if the sector is 'semi-detached' from the state, then it makes sense to have the attachment point with local government.

'They control the aspects of development you most need and the sector is tooled up with many of the things local authorities need the most – expertise to develop, to do project based development with balance sheet finance or whatever the brave new world is.

'It is that relationship that is absolutely key,' he says.

Relationships between housing associations and councils or councillors are mixed across the country. The National Housing Federation's voluntary Right to Buy (RTB) deal with the government has caused tension between housing associations and councils in some areas.

Lord Kerlake, who is also president of the Local Government Association, points out that some Labour-run London boroughs were particularly irate, with one councillor telling him that housing associations 'used to be heroes and now we are zeroes'.

'For Peabody, we want to work really hard with local authorities to build long-term, constructive relationships so we can develop the opportunities in a way that works for them and works for us. That is as important as a constructive dialogue with central government.'

He says this means taking a strategic approach, working on bigger sites and understanding what they want to achieve over 10 years, rather than having a 'wrestling match' on section 106.

But there can be suspicion amongst councils that housing associations just want to get hold of their stock. Mr Hadden says: 'We have been trying to talk to local authorities about how we can use the value of stock in their area to their advantage and they do not get the concept. They get fixated on the idea that we might sell a few properties in their area and lose nomination rights, instead of thinking about the bigger prize, which is that we sell a few high value properties and use that money to reinvest in a regeneration area or something else they want in their borough.'

Mr Cowans says he can understand why some councils might feel that way considering what has happened in some instances in the past.

Elsewhere while there may not be hostility, there is sometimes misunderstanding among councillors about the impact of recent central government policy on housing associations.

Ms Santry's group is running a pilot of the RTB and has been talking to local councillors about it.

They do not always understand the problems the association faces in replacing homes sold with similar properties in the same area, despite it being Sovereign's preferred option.

Similarly Philippa Jones, chief executive at Bromford, mentions a portfolio holder in a county council area who had not considered the impact of the introduction of the local housing allowance on its nominations and allocations policies.

Understanding agendas

A central point for Mr Cowans is around understanding other people's agendas and 'not just our own'. He argues that showing councils that HAs have a full set of strategic and 'placemaking' skills – and that they come become 'better contractors' – will go further. That could cover everything from helping to address the cost of housing for the elderly and supporting employment, to offering solutions that change capital assets into revenue-generating activities.

'We have to become much more expansive in our business activities,' he says.

'Pitching ourselves as the people who can help them with that, not people who want their land for other reasons, is very good.'

Ms Santry says part of the strategic message to local authorities for Sovereign is around supporting local people and employment, rather than simply talking about housing.

Attendees are also interested in working on the housing and health agenda, with care being one of the biggest challenges for local authorities.

Ms Smith says there needs to be more thought around what devolution means for housing and how it fits with infrastructure in general. While housing is part of the devolution agenda, she says nobody has set out what that looks like.

Ms Jones hopes that devolution might give a boost to planning.

‘There are discussions about a combined authority in the Midlands. I hope it will improve the quality of strategic thinking around planning. With the cuts in local authorities, planning departments have been decimated in numbers and the quality of people has been going down. Hopefully when you bring them together in a City Deal you might get resources more focussed and strategic.’

But she wonders what will happen in places outside areas with devolution deals.

In terms of partnership models, Lord Kerslake gave the example of Great Places’ work with Sheffield City Council and Keepmoat to create the Sheffield Housing Company, which has a 15-year plan to build 2,300 new homes. He also pointed to Peabody’s Thamesmead plan.

Reputation

Another relationship which needs more focus is between housing associations and the public, the panel agreed.

Mr Bailes says: ‘If we had more support out there, if more people understand and thought we are a good thing and are trying to solve the problem, then we would have more leverage both locally and nationally.’ Mr Williamson points out that social housing has been working hard to be invisible, but that the sector has done well at marketing its private sales and market rent subsidiaries, such as with Thames Valley Housing’s Fizzy Living arm, which ‘culturally paints a different picture of what a housing association is’.

Mr Hill says that the university sector makes use of the smaller number of organisations to build public awareness of the sector as a whole.

‘This sector is not great at using Peabody, Guinness, L&Q, Places for People – they are the names in lights, and there is surely a way of using that for the benefit of the rest of the sector.’

Mr Cowans argues that housing associations do not all need to be seen as the same by the public.

Most house builders do not have a brand, or something that would make a buyer choose them regardless of price or location, because it is more about the ‘experience of the product’, he says.

‘If the product is a particular type of housing with a particular set of characteristics – shall we call it social housing, for want of a better term – that is a brand, but we have a government that doesn’t like that much,’ he adds.

3. Working Together – Thinking Alike: what do councils and local enterprise partnerships expect from housing associations? A Report by the Smith Institute by Andrew Heywood

Executive summary

This is a study into the changing relationships between local authorities, housing associations and local enterprise partnerships (LEPs) in the South East and the South West. The work is based on a combination of desk research and 32 semi-structured interviews with senior practitioners and representatives from the three sectors.

The focus of the report is on housing supply and housing services, and includes background information on the various actors and the changing operating environments. The main recommendations are:

Housing associations and local authorities – partnerships in transition

Despite a long history of collaboration, the relationship between local authorities is in transition. Local authorities identified these changes as: a more "commercial" attitude to development among housing associations in terms of both planning and their response to local authority strategic housing needs; a more risk-averse attitude to allocations and local authority nominations; and less willingness on the part of some housing associations to assist local authorities in the discharge of their homelessness duties by accepting the most vulnerable households.

Planning

Most local authorities prefer to deal with housing associations rather than with commercial developers in relation to planning applications. Nevertheless, a significant number of local authorities said they saw housing associations as becoming more commercially minded and embracing the culture and values of private developers. They noted instances of housing associations attempting to negotiate downwards section 106 requirements and of housing associations challenging local authority planning decisions at appeal.

Local authorities offered proposals for making the professional relationship with housing associations work better. They were concerned that planning applications from housing associations were not always of sufficient quality and did not take into account council planning policies.

Housing associations pointed to the lack of staff and resources of local planning authorities as factors that make for a more difficult relationship. Housing associations also said some local authorities were less than wholehearted in their support for new development.

Local authorities indicated that the requirement under the National Planning Policy Framework (NPPF) for local plans to realistically assess housing need and to identify sufficient land for five years of development had made a positive difference.

The traditional sense of common identity between local authorities and housing associations appears to be gradually being replaced by a more professional relationship between independent parties contracting to undertake certain functions.

Recommendation 1: *Housing associations and the National*

Housing Federation should engage with local authorities and their representative bodies to examine how planning applications can better reflect local authority planning policies, while still meeting housing association needs in terms of viability, housing management and other factors.

Recommendation 2: *Housing associations should ensure that they make full use of pre-application processes offered by local planning authorities in order to ensure that planning applications progress more smoothly through the planning process.*

Recommendation 3: *The NPPF requires that local authorities have a robust local plan that fully assesses housing need and identifies five years' supply of land for development. There is a belief among planners and developers that this has shifted the balance in favour of new development. DCLG should initiate an inquiry to ascertain the extent to which this is in fact the case.*

Meeting strategic housing need

All local authorities claimed to consult housing associations over the development of the strategic housing market assessment (SHMA) and their local plan. While some were satisfied with the level of response received from housing associations, others had experienced rather limited feedback. It was suggested that this might be due to housing associations becoming larger and more remote.

Some housing associations believe they have to be selective in terms of which local authorities with which to engage. Certain authorities with very large schemes may still attract the interest of a number of developer housing associations, while a neighbouring authority may find it hard to generate any interest.

Local authorities also suggested that formal consultation should be augmented by housing associations sharing their development plans with local authorities at the earliest possible stage.

Recommendation 4: *Individual local authorities should carefully update contact lists of housing associations to ensure that consultation requests are sent to the correct individuals at the right address. The Local Government Association should investigate whether there is a case for collecting such information centrally and disseminating it to local authorities.*

Recommendation 5: *Housing associations should contact local authority staff preparing strategic housing market assessments and local plans at the earliest stage where new development is contemplated, in order to ensure that local needs are addressed and that local planning takes account of the possibility of such developments.*

Local authority allocation policies and housing associations
Many local authorities have altered their allocation policies in order to give priority to those households with local connections and to support those accessing work or training.

A number of local authorities maintained that housing associations had changed their approach to nominations by

introducing strict affordability criteria, particularly in respect of affordable rent properties. Others showed a greater reluctance to accept nominations from vulnerable households or those with a record of antisocial behaviour or rent arrears.

Both local authorities and housing associations believe the changing attitude to nominations to be a consequence of a changed environment in respect of development funding. Welfare reform is the other major consideration.

Recommendation 6: *Government should reassess the practical impact of its welfare reform policies and cuts in development grant on local authority nominations to housing associations in discharge of their housing duties. The government should then take action to ensure that its own policies do not hinder the proper allocation of social housing to those in need.*

Recommendation 7: *Local authorities and housing associations should work together on ways to improve people's ability to afford a tenancy in advance of being nominated (for instance, helping them to tackle any debt problems).*

Local authorities as developers

Despite the new freedoms, stock-retaining councils have yet to develop at any scale (there were only 130 housing completions by local authorities in 2013/14 in the South East and the South West combined). The majority of local authorities do not believe that their relationships with housing associations have changed much. However, a minority believe that their relationships with housing associations have changed, principally because they are less willing to make development land available.

A significant proportion of development now being undertaken by local authorities may simply be replacing development that housing associations would previously have undertaken on the same land. Some housing associations claim that because of their capacity and capability (especially in areas such as procurement and project management) they can offer better value for money than can councils in regard to new-build.

Recommendation 8: *The Homes & Communities Agency should commission a study to determine the scale of future local authority development aspirations to be implemented both with and without the aid of grant. In addition the HCA should determine how much of this activity is "new" development and how it compares with other social housing providers in regard to value for money.*

Administration of housing benefit

The links between local authorities and housing associations in respect of housing benefit are recognised as being strong and generally positive on both sides. However, local authorities identified a number of areas where problems had arisen as a result of welfare reform, including rent arrears due to the bedroom tax and a shortage of smaller homes. Local authorities commented that welfare reform had contributed to the more conservative response of some housing associations to nominations of vulnerable and financially challenged households.

The local authority involvement in the processing of housing benefit claims will end. Housing associations will have to forge new relationships with a central administration under the auspices of the Department of Work & Pensions (DWP). This may not be easy.

Recommendation 9: *DWP and the National Housing Federation should work to ensure that housing associations build personal and organisational links with the universal-credit administration in advance of the main caseload coming on stream, so that effective working relationships are established in pursuit of efficient administration and processing of claims.*

Homelessness

Local authorities are fairly satisfied with the assistance they receive from housing associations in discharging their duties in relation to homelessness. A specific area of tension is the provision of temporary accommodation, where local authorities said that housing associations could do more.

Local authorities also have concerns about the changing attitude to local authority nominations. Where housing associations are less willing to accept vulnerable households and are more stringent in applying affordability criteria, there will inevitably be an impact on the homeless.

Recommendation 10: *Shortage of temporary accommodation is a problem for local authorities in discharging their duties in relation to homelessness. The National Housing Federation and the Local Government Association should discuss whether there is scope for housing associations to provide more temporary accommodation out of current resources but also engage with the HCA to explore the possibility that development programmes can include new temporary accommodation where this is appropriate.*

Recommendation 11: *The government should recognise that one impact of a changed funding environment for new development (and the simultaneous introduction of welfare reform) has been to make housing associations less able to assist local authorities in the discharge of their homelessness duties in respect of some of the most vulnerable households. The government should reassess the impact of these policies in the context of local authority statutory homelessness duties and make adjustments as necessary.*

LEPs and housing associations

The relationship between housing associations and LEPs is something of a clean slate, and is complicated by the fact that the 14 LEPs in the South East and South West are structured differently and are of different sizes and at different stages of maturity. Expectations are limited on both sides, and few LEPs have fully engaged with housing associations. While significant numbers of housing associations have secured places on LEP boards or have obtained representation on LEP panels/groups there appears to be only limited enthusiasm for LEPs; at this stage probably only a proportion of housing associations would rate building relationships with a local LEP as a high priority.

Nevertheless, most LEPs view affordable housing as important and acknowledge the housing association role in training

and assisting people back into employment. The housing associations' other community roles do not register highly. There is also a perception among some LEPs that open market housing is more important than affordable housing, and that housing associations are not the only developers of affordable housing.

Many of the LEPs' housing aims are also on a large scale and often across local authority boundaries, although funding to LEPs for housing is small compared with transport. Moreover, it is difficult to discern from the LEP economic strategies whether the LEP itself is the delivery agent or "enabler". Housing associations argue that they should have access to a clear statement of what it is realistic to expect from involvement with an LEP in the housing field.

While LEP strategic economic plans often refer to housing as an activity, there are very few references to housing associations. Responses from LEP interviewees suggested that while simple oversight could be a factor, there was in some cases a lack of awareness of what housing associations could contribute.

More than one LEP suggested that contact between LEPs and housing associations could be improved if housing associations

could develop a "collective voice" like a forum, so that an LEP did not have to use limited resources to keep in touch with a large number of different organisations.

Recommendation 12: *There is a need for a clearer statement from government as to what it expects from LEPs in the field of housing and what it is reasonable for housing associations to look for when trying to establish relationships with LEPs.*

Recommendation 13: *In advance of seeking involvement with an individual LEP, housing associations should be clear about how housing fits with the broader growth agenda and how it is represented as sector. Housing associations should also engage with local LEPs and encourage them to put in place broad consultation with the sector when seeking to develop their strategies.*

Recommendation 14: *In order to assist the development of stronger links between housing associations and LEPs, LEPs should consider establishing a regional or national forum to facilitate on-going contact between housing associations and LEPs.*

4. Sheffield City Region submits bid for own grant programme

1 September 2016 on Inside Housing | By Pete Apps

The Sheffield City Region Combined Authority has submitted a bid for grant under a £4.7bn government scheme as part of a pitch to run its own housing programme.

The area, which takes in nine districts in the region around Sheffield, was last October promised devolved powers and announced plans to push for housing funds.

The 12 housing associations in the region and the City Region authority's joint bid under the £4.7bn Shared Ownership and Affordable Homes Programme includes homes for a wide variety of tenures, even though the Homes and Communities Agency (HCA) has previously indicated there will be no money in the programme for general needs sub-market rented homes.

It is believed to be for two to three times as many homes as the associations would deliver individually.

Greater Manchester is understood to be involved in similar talks about housing funds, but has not gone as far as putting in a bid for grant.

Tony Stacey, chief executive of South Yorkshire Housing Association, said: "We want the HCA to engage with us in dialogue.

"The programme bid asks for flexibility over tenure and also has asks around HCA land and plans for institutional investment in build-to-rent. But it allows us to do a lot more than the associations plan to do individually."

Matthew Harrison, chief executive of Manchester-based Great Places Housing Group, said "dialogue" was underway with the combined authority and the HCA, but said it was not at the stage of a formal programme bid.

"There is a dialogue going on about what would help the sector step up and deliver more homes in Greater Manchester," he said.

A spokesperson for the HCA said: "We are working with a number of councils to ensure that overall housing supply is increased."

5. Merseyside associations collaborated on grant bids

14 September 2016 on Inside Housing | By Chloë Stothart

Housing associations in Merseyside worked jointly on bids of up to £65m for the latest grant programme and remain hopeful of receiving cash for non-ownership products.

Following Sheffield City Region Combined Authority's decision to submit a collective bid for grant, Liverpool's landlords are bidding individually but agreed their bids as a group. The largest housing associations in the city region submitted bids worth a total of £55m to £65m for 1,500 to 2,000 homes under the Shared Ownership and Affordable Homes Programme.

The programme sees the lion's share of the £4.7bn grant directed to shared ownership housing, with some cash left for Rent to Buy and supported housing.

The associations worked together to avoid competing with each other for sites and hope to work closely with local authorities and other landholders like the NHS.

Mike Palin, chief executive of St Helens Council and housing and planning lead for the Liverpool City Region Combined Authority, said the particularly close working between associations and councils in the region during this bid round reflected devolution and the creation of the combined authority.

Three associations attended the combined authority's regional housing and spatial planning co-ordination group and then provided feedback to the other associations in the area.

It is understood the providers are hoping for any additional grant which may become available through continuous market engagement to be directed more flexibly.

One landlord said: "There is a real hope there could be flexibility, certainly in areas which are desperately in need of affordable rented housing."

He added products such as a version of Rent to Buy may offer the ability to adapt tenure to local needs while helping the government to get the volume of housebuilding it wants.

Mr Palin added: "The government has made a statement about the need to deliver more units and I think it has to accept if it wants to see more units delivered it will have to provide more flexibility around tenure."

6. Be like hobbits

27 May 2016 on Inside Housing | By Ann O'Byrne, Deputy Mayor of Liverpool

The Housing and Planning Act casts the government as Mordor in the war over social housing, says Ann O'Byrne

Everyone who cares about the future of housing should be applauding Lord Bob Kerslake's valiant efforts against the madness in the Housing and Planning Act.

It reminded me of the scene from *The Lord of the Rings* where Sir Ian McKellen stands on a crumbling stone bridge and roars defiantly at an oncoming, flaming, evil behemoth, "You shall not pass!" Unfortunately in this case, the bridge did not collapse and the said behemoth was not plunged down into the abyss.

Admittedly, the act is bruised and somewhat altered by Lord Kerslake's brave intervention, but ultimately it now has Royal Assent and will be released to wage red ruin across the housing sector. I'm sorry if that sounds over-dramatic but this is probably the most ill-conceived, short-term, ideologically-driven piece of housing legislation the country has been forced to endure. Lord Kerslake himself has described it as the death of social housing.

It will lay waste to council housing as stock dwindles and security of tenure diminishes. It will widen the vast chasms which undermine our housing market as cheap, low-quality Starter Homes destabilise housing markets. And it will be a knife through the heart for social housing, leaving our housing associations as little more than heartless shadows of their former selves, housing Ringwraiths if you'll indulge me in extending the Tolkien metaphor.

Mordor effect

But this is just one piece of government's ill-judged approach. If Lord Kerslake is Gandalf and the government is Mordor, then Julian Ashby appears to be playing a very good Saruman right now. Talking up the importance for sectoral spend analysis while suggesting deregulation of the consumer standards is the act of a regulator for whom lower cost, not greater value, is the overriding aim. Reducing or even removing the voice of tenants and councillors will not help the sector improve.

And I am sure more in a similar vein will follow. Perhaps the most frightening element of the Housing and Planning Act is how much of the act's iniquity remains unclear, left for secondary legislation or the whim of the secretary of state. It's the uncertainty hiding in the shadows that adds to the sense of fear.

And then of course you have the reported veiled threats of people like Alex Morton, former housing policy advisor for Number 10, who warns associations who oppose government will face increased business risk and restricted access to finance. Better to stay silent, suggests Mr Morton, or go toadying to government like some obsequious Wormtongue figure (the nasty, pale, self-serving advisor to the state played by Brad Dourif in the films).

That former advisors are openly talking about government punishing those who disagree with them is a reflection of the dark times. What next: housing benefit removed from people who refuse to vote Tory? Of course, the issue Mr Morton inadvertently raised is what should the social housing sector do now the Housing and Planning Act has assent? We could do as he suggests, and quietly accept the death of social housing. We could all follow the diktats of Tory ideology, flog off our council housing, drop the 'social'

epithet, make everyone buy their own house (whether they can afford it or not), leave building to the private sector, deregulate as much as possible and do all we can to inflate another housing bubble. Or we can be brave. We can resist.

If you got involved in social housing in order to protect the poor, to provide housing to those in need of homes, to build sustainable communities for people who face the hardest challenges in life, then now is the time to take a stand. And I don't mean by storming Westminster. I'm not asking any of you to write hundreds of letters to Brandon Lewis. Resistance does not need to be loud or aggressive. Not all wars can be won by strength of sinew or through brave but futile battles.

What I'm asking you, as housing association staff, as board members, as advisors to the sector, as decision-makers and opinion-formers across the housing world, is to carry on doing what you've done for over 50 years and place the good of tenants at the heart of all you do. In your day-to-day decisions, in how you shape your business plans, in how you build the future of your associations, remember who we are here to serve and make decisions for the benefit of tenants, not for the benefit of banks or to appease the ideology of government.

The Lord of the Rings is the story of how the quiet, patient, almost invisible resistance of a few ordinary, little people succeeded where all else failed. Let's be like the hobbits.

7.Javid rejects Aylesbury CPO bid on human rights grounds

16 September 2016 on Inside Housing | By Sophie Barnes

The secretary of state has rejected a London council's bid to move residents out of an estate earmarked for demolition because it would breach their human rights.

Southwark Council planned to use a compulsory purchase order (CPO) to move out residents and demolish part of the 2,704-home Aylesbury Estate. The council plans to build 3,500 new homes, 50% of which would be affordable through a mixture of social rent, shared ownership and shared equity.

In his decision letter on the first phase of the demolition, the secretary of state for communities and local government, Sajid Javid, said many of the remaining leaseholders on the estate would be unable to afford the options of either a shared ownership or shared equity property on the estate, and the plans would “probably force many of those concerned to move from this area”. This would particularly affect older residents and those with children, he concluded.

He added the council had not taken “reasonable steps” to acquire the land through agreement with the residents and the use of the CPO would have “considerable economic and social dis-benefits” for leaseholders who still live on the estate.

The Aylesbury Leaseholder Action Group, who lodged an objection to the council's plans, said the scheme would fail to deliver enough social rented housing and the estate could be regenerated without being demolished. Under the scheme, around 50% of the residents would be moved away from the estate. There are eight leaseholders who are still living on the part of the estate affected by the first phase of the plan.

A compulsory purchase order should only be used where there is a “compelling case in the public interest to justify sufficiently the interference with the human rights of those with an interest in the land affected”, Mr Javid's decision letter stated. He said the council had not met this test.

Although the secretary of state concluded the scheme is viable, fits with the council's Local Plan, and the plans for a mixed-tenure development would help the area, he agreed with the inspector who first assessed the council's plan who said a number of the new homes would not meet the council's daylight and sunlight standards.

Mark Williams, cabinet member for regeneration and new homes, said: “This is an extremely disappointing decision by the secretary of state, and the council will be reviewing the detail of the report and the decision before commenting further.”

He added the council remains committed to the regeneration plans.

8. Council company 'could protect stock from RTB'

22 March 2016 on Inside Housing | By Sophie Barnes

A Labour council hopes its new housing company will be allowed to buy the authority's own vacant 'high-value' stock, preventing loss of homes to fund the Right to Buy extension.

Oxford City Council announced last week that it was setting up a new housing company to tackle the high demand for housing in the city.

In addition to building new homes, the authority also wants the new company to buy high-value council stock which would otherwise be sold on the market in order to pay the Right to Buy levy. However, it is not clear if the government will permit this, and the Department for Communities and Local Government declined to comment.

Under government plans, local authorities will be charged a levy based on a prior estimate of the number of high-value homes expected to become empty. The cash raised will replace council homes sold and fund Right to Buy discounts for housing association tenants.

The council will loan £12.5m to the company to fund its purchase of affordable housing at Barton Park. It will also build 885 homes on this site. The council will also provide up to £30m to purchase shares in the company and make loan advances in 2016/17, according to a paper that went to the council's full meeting last week.

It will also develop new build housing on council land, buy affordable housing from developers on private land and undertake estate regeneration schemes.

The local authority said the decision follows the government's proposed changes to housing and planning policies "that will make it more difficult for the city council to continue to build new affordable homes".

These include the 1% rent reduction and a statutory duty to promote Starter Homes and include them within the definition of affordable housing.

The company is also expected to offer property management and repairs services to the private sector. Mike Rowley, board member for housing, said: "The housing company will be a separate legal entity wholly owned by the council, with power to undertake anything a company can do and in particular to acquire and hold land and properties."

9. Bigger and better

20 June 2016 on Inside Housing | By Richard Macphail, Senior Associate, Blake Morgan

The continuing funding squeeze is driving the trend in mergers and subsidiaries, says Richard Macphail

Housing associations in England and Wales are facing an increasingly challenging economical and political environment, with significant reductions in the availability of grant funds, together with more regulatory compliance responsibilities. Other factors include proposals to extend Right to Buy to housing association tenants in England, together with the requirement to reduce rental levels by 1% per annum in England over a four-year period, putting a further squeeze on revenues. In addition, welfare reform and benefit cuts have resulted in an increased risk to housing associations' income streams.

At the same time, ministers are seeking to increase housebuilding in the face of chronic shortages and have been conducting a review of the role of housing associations, asking chief executives what they can do to encourage building.

This is resulting in an increasing trend of housing associations merging with one another. In England, L&Q has agreed a merger with The Hyde Group and East Thames to create a combined association, which will become one of the UK's largest house builders. Wales has seen the recent merger of Gwalia and Seren Housing Associations to create Pobl Group, which also has ambitious plans to develop thousands of new homes within the next few years. Additionally, within the last month, Cantref has announced that merger discussions are underway with Wales and West Housing Association. It is anticipated that these larger associations will be able to make efficiency savings as some administrative functions are combined, along with accessing alternative forms of private finance such as bonds.

Another way that housing associations are exploring new forms of investment is by creating subsidiary organisations, which build homes for private sale or rent on the open market. This offers a way to generate funds, which can be fed back to the core business of providing affordable homes.

From a legal perspective, we need to be aware of the differences between the land being purchased by a housing association or an open market subsidiary. In particular, we need to be able to advise upon potential Stamp Duty Land Tax and VAT implications at an early stage. We also need to ensure that the purchase contract is structured in a way that would allow either the housing association or the open market subsidiary to acquire the whole or parts of the site in scenarios where the ultimate owner/developer is not known from the outset.

It will be interesting to see whether the mergers are deemed successful and also whether the trend for mergers and the trend for subsidiary organisations to develop homes for sale or rent on the open market will continue to grow.

10. Mega-mergers

6 July 2016 on Inside Housing | By Harry Mears

Mergers and sharing some functions can help housing associations make savings, says Harry Mears, Head of social housing, KPMG UK

Mergers are big news in the social housing sector. The L&Q, Hyde Group and East Thames mega-merger hit the headlines back in April, and with news of others seemingly increasing in frequency, it's clear that consolidation in the social housing sector is set to continue.

There are clear benefits to mergers. From a government perspective, an ensuing increase in the build programme is welcome – a merger increases the newly-formed organisation's build capacity by enabling economies of scale, but also through the ability to attract increased and better financing options, and to support build plans through efficiency savings. For housing associations, it is perhaps these efficiency savings that are the primary driver. By consolidating back-office functions, providers are better able to deliver vital frontline services, and even some 'nice-to-haves', even in times of austerity.

But are mergers always the right course of action? Perhaps not. For some organisations, despite needing to find efficiencies, there might not be another association out there that feels wholly like the right fit, whether that be culturally, financially or geographically. But there are alternatives.



One option is to share back-office functions. This is an established practice within local government, a sector which has been under the squeeze of austerity for longer. Last year's analysis by the Local Government Association (LGA) showed that councils saved over £460m in three years by sharing services, such as legal, HR or audit. Such an approach could certainly work for housing associations.

Or there is the option of sharing key management posts, such as a customer services director. The LGA research showed similar shared management arrangements had saved local government over £15m in three years. Understandably, associations are likely to be keen to retain their own delivery teams, but the person setting the strategy and taking ultimate responsibility could arguably do so for more than one association. The key, and perhaps sticking point, is to ensure that person is the right cultural fit for the organisations involved, as well as having a deep understanding of growth and business strategies.

And then there is the creation of efficiencies by setting up joint procurement arrangements, upping buying power and creating economies of scale. Often this can work better on a regional basis, but if set up and run correctly, there's no reason an arrangement couldn't be agreed more widely. Or how about joint ventures? They've been around for some time, but not without good reason – while far from a merger, they create a shared purpose and shared results.

The key in all of this is deciding what works, not for the chief executive and finance director, but for your tenants. Whether a merger or an alternative, by keeping the organisation's purpose front of mind, it's unlikely you'll go far wrong.

11. Small and beautiful

12 May 2016 on Inside Housing | By Jess McCabe

In the face of 'mega-mergers', smaller housing associations are setting out to prove bigger is not always better. Jess McCabe investigates



“Small is beautiful.” If you’re talking about a bungalow versus a tower block, or the size of the deficit, you would most likely be in tune with the prevailing political sentiment. But if you’re talking about a housing association, perhaps not.

Last summer, housing minister Brandon Lewis called attention to the sheer number of housing associations (more than 1,700 in England are registered with the Homes and Communities Agency).

Just a few weeks ago, right after the announcement of the ‘mega-merger’ of

L&Q, Hyde and East Thames, Natalie Elphicke, chief executive of the Treasury-approved Housing and Finance Institute and one-woman housing thinktank, snapped a grinning selfie with Hyde chief executive Elaine Bailey. “Hearing all about that fantastic super merger!” she tweeted. Talk to any number of housing consultancies, and they will play the same mood music - the sector’s ripe for more mergers.

The implication? Big is better. So where does that leave the small players? And many of those 1,700 organisations are indeed very small, at well under 1,000 homes.

To find out, *Inside Housing* went to the centre of Liverpool, to a peaceful ‘urban village’ of modest 1980s houses, a few shops and some older people’s accommodation. Made up of 382 homes, this is the Eldonian Village - the entire domain of Eldonian Housing Association. Set up as a co-operative in 1983 in the footprint of economic destruction, Eldonian has just six office staff, as well as a gardener, two repairs staff and two cleaners.

Back in the economic heyday of Liverpool, this area was home to a thriving community, where residents lived in Victorian terraces and tenements, and walked to work on the docks, at the British American Tobacco factory and in the Tate & Lyle sugar refinery. The docks dwindled. Tobacco’s global decline shut that factory. The refinery closed. Many of the more ‘economically active’ left. But the old and young residents remained - and they wanted to keep the community together.

To compress a complicated story, those residents set up a co-operative in 1983, and fought a battle with the militant-led, left-wing council to build what is now the Eldonian Village on the site of the former refinery. Wended through by the canals connecting Leeds and Liverpool, the neat houses are well tended.

Although signs of economic distress are still evident - such as empty commercial space - to the casual visitor it is no surprise when its chief executive George Evans says there is a long waiting list to live here.

Mr Evans has a glossy book in hand, full of photos of the public figures who have visited (Prince Charles, Michael Heseltine, Gordon Brown). In 2004, the village won a World Habitat Award, presented by the president of Kenya.

“Derelict and polluted land has been restored to form an attractive and secure living environment, and the community now provides support and advice to other communities worldwide wishing to improve their housing conditions and have a greater say in their future,” the awards enthused.

In other words - like any number of tiny housing associations up and down the country - the Eldonian sees itself as fulfilling a unique need, with a unique purpose.

It’s still building on a modest scale - having just completed eight houses aimed at helping tenants to downsize - as well as encouraging house builder Wimpey to construct some homes for the private market across the road, called Eldon Wharf, and marketed as “close to the world-renowned Eldonian Village”. The association evidently has no desire to be absorbed into a bigger housing association.

Mr Evans has a lot of confidence in the desirability of the association carrying on pretty much as it has - as we talk through the many government policies being introduced and how they will affect smaller associations such as his, the Right to Buy comes up. Current policy suggests that housing associations will be able to reserve certain properties from the Right to Buy, and the tenants could transfer their discount to any other housing association property.

Petite plans

“Let’s be honest, who would buy any other association’s properties rather than ours?” he asks, jokingly. Right to Buy seems to pose a risk of breaking up small, concentrated communities like the Eldonians - but Mr Evans isn’t panicking yet.

“It could have an effect on us at the end of the day - and there could be a point where the numbers are no longer viable,” he says. “But everyone has this impression that smaller associations don’t want to develop - but we do. We need to develop, probably more than the larger ones.”

Eldonian is more concerned about the practicalities - given it has a smaller capacity to build, how will the timing work for replacing homes sold under the Right to Buy? What sort of strings will be attached? So far, we don’t yet know the final answer to some of these questions.

Listing the many community activities going on here, Mr Evans says: “Rather than having us up as ducks and trying to shoot us down, people should be looking at what we’re doing well and maybe embracing that.”

It is clear from even a brief conversation that some small associations feel embattled.

Mandy Elliott is chief executive of 400-home Crosby Housing Association in nearby Sefton. “I’ve been in this business and I know George has for over 35 years,” she points out. “There’s nothing that compares to anything like the changes we’re going through now in all of that time. And part of that is this myth around how poor housing associations are, and how they are not good, and how they don’t deliver anything reasonable.”

When we get to the specific impacts of recent policy changes - the 1% rent cut, for example, and the extension of the Right to Buy - both Mr Evans and Ms Elliott’s voices rise noticeably.

The Eldonians will lose £184,000 of income from the rent cut over the four-year period - not a small amount for an organisation of this size (although its surplus in 2014/15 was just over £380,000, so it doesn't spell devastation).

The cut to rents has hit Crosby particularly hard, because the association has used the last three years to improve its financial stability with the aim of starting to build homes. But lower rents puts at risk its ability to raise funding to pay the mortgage on newly built homes. "We had achieved our business plan, we were ready to develop. Our ambition was to develop," Ms Elliott says.

At the time of our interview, Ms Elliott had in front of her plans for a supported accommodation project working with NHS England and probation.

Both the 1% rent cut (on rents which Ms Elliott insists are already lower than local larger housing associations), and the uncertainty over funding for supported housing, may mean the project isn't viable after all.

"What I can't take the risk of is somebody telling me that the rent loss is £88,000 before we even start - I can't do it," Ms Elliott says with exasperation. Subsequently to our interview, Ms Elliott decided to go ahead with this project, albeit with break clauses to mitigate the risks.

But of course the broader context to that exasperation is that the government has made it clear that building should be the primary focus of housing associations, whatever the size.

Last year, Brandon Lewis told Housing 2015, the CIH conference and exhibition, that: "If housing associations are doing welfare work, as well as building houses, that's great. If it's at the expense of building houses, they're not using their asset base to build houses. I do expect them to start looking at themselves and asking why."

Partly, the impression that small associations aren't building is a bit of a myth. Arawak Walton Housing Association in the Manchester area has just over 1,000 homes. But it has almost doubled in size in the last 15 years, its chief executive, Cym D'Souza, points out. "A lot of us are still delivering on growth - just because we're not delivering 400 units doesn't mean we're not doing our bit," she notes.

Hyper-local

But if 'smalls' are not building homes rapidly, or are struggling to make that jump - as with Crosby - some argue it is the result of years of policy decisions. Ms D'Souza traces this back to a decision by the Housing Corporation, which preceded the Homes and Communities Agency as the sector's regulator, to only distribute grants to build to larger associations. This left small associations with only one option to access grant - joining their wagon to a consortium led by a large player.

"I became a third party to some sort of arrangement that was brought in because they only wanted to deal with larger players. We had a very healthy development programme until that point," Ms D'Souza notes. Moreover, there's genuine frustration at the other half of the housing minister's statement - the notion that "welfare work" in communities is an add-on.

"If this government can convince me that we've solved the vulnerability problem, our job is done, then anybody can subsume us and take whichever bits they feel are the best," Ms Elliott says passionately. Sixteen per cent of Crosby's tenants have a mental illness, she notes, and many are vulnerable.

It gets involved in hyper-local issues over the long-term in a way that Ms Elliott argues that larger organisations, more prone to short-term initiatives in a particular community, can't.

For example, in Sefton, mental health is a big concern. Crosby runs a team funded by the local NHS to help people with mental health issues to sustain their tenancies. The association calculates that, after staff costs, the programme saves the NHS £800,000 a year.

Both Ms Elliott and Mr Evans feel their tenants benefit from the organisations being embedded in the community and concentrating on a small locale.

"I meet [my tenants] in Iceland because we shop in the same shops on South Road, so if I go in the supermarket I can meet half a dozen of them while I'm in there. And they'll tell me what they think," Ms Elliott says.

"Our offices are in the middle of our communities. We're part of the community even though we're employed by them. The fact is I work for them," Mr Evans adds.

Obviously small housing associations do need to respond, as policies such as the rent cut eat into their margins. There's not much room to cut back-office costs (otherwise known as staff numbers), as they are already few in number and working on several different priorities at once.

Both Eldonian and Crosby are already part of a local group of 18 community-based housing associations, and expect to make more use of it to save money - called Community Housing Associations North West. "Collaboration is our response to merger," Ms Elliott explains.

Sharing out the responsibility for procuring services is one way this works - for example, recently 12 of the associations hired a legal partner together. The associations already combine their training budget, putting on conferences for their staff and tenants - much more cost-effective than trying to send staff to a big conference, or for training in London.

Mr Evans suggests that in future the group could do more together - perhaps agreeing a schedule of costs with a local contractor, which could help with repairs and maintenance expenditure.

"We can actually get better value for money, which is what we're all aiming for here. But we don't have to be part of or merge with a large association to do that," he says.

Moreover, he doesn't see the need. "I've got the very height in tenant satisfaction. I've got properties that don't look 25 years old, I manage them well at the end of the day. And I'm still charging one of the lowest rents in the country. Maybe somebody should be looking at the good that smaller housing associations are doing."

Ultimately, organisations such as these question the value of narrowing the field. Ms Elliott points out she goes to the quarterly meetings for chief executives in the region. "Would it be better if there was one person in that room instead of 10? And he could talk to himself, or she could talk to herself?"

12. Councils reconsider housing association links

8 October 2015 on Inside Housing | By Carl Brown, Chloe Stothart

The Right to Buy extension will 're-cast' the relationship between local authorities and housing associations, councils have said.

David Cameron on Wednesday confirmed the government has accepted an offer from the National Housing Federation to 'voluntarily' implement RTB for all association tenants.

This is in return for compensation for the discount, more flexibility to build homes for other tenures such as shared ownership and "portable discounts" for certain properties.

John Bibby, chief executive of the Association of Retained Council Housing, said if associations replace homes sold under the policy with low-cost homeownership homes, it could change the relationship with local authorities.

"We will have to wait and see what that means for traditional type of agreements where councils gift land or provide discounted land to associations in return for nomination rights," he said. He warned if associations become more commercial, councils could treat associations "like any other developer".

Mr Bibby also called on the Conservatives to honour a pre-election pledge to consult on the details of its plan to fund the policy by forcing councils to sell off expensive homes as they become vacant.

The comments follow criticism from some councils of the decision by housing associations to vote for the deal.

Kevin Price, executive councillor housing at Cambridge City Council, said the Labour-led council will continue to have a good relationship with smaller organisations that voted against. However, he said: "I fail to see the logic with the issue around larger associations that voted for it."

Councillors at Ealing and Islington Councils in London this week both said their authorities could favour housing associations which voted 'no' with land or support if they are exempted from the Right to Buy. Gary Porter, chair of the Conservative-led Local Government Association criticised the deal on Sunday, saying smaller landlords had been "left out in the cold".

13. Building for Scotland

24 February 2016 on Inside Housing | By Emily Twinch

Scottish councils are building homes, and lots of them. Emily Twinch investigates how they're doing it



Council housebuilding has been making a comeback. Construction may not be quite back to the glory days of post-war Britain, but city halls across the UK have been donning hard hats and finding the keys for their JCBs.

And Scottish councils have been leading the way, building 2,297 affordable homes in the last two financial years, according to Scottish Government figures.

Although English councils have built more in total in the past two financial years – completing 5,710 affordable homes,

according to Department for Communities and Local Government (DCLG) figures – given Scotland's size and population, the country's local authorities have still performed more impressively per head of population.

Twenty-six of Scotland's 32 stock-owning councils have developed in the past few years; a greater proportion than in England, where 55 of the 167 that own stock built homes in the last financial year.

The Scottish housing minister, Margaret Burgess, told *Inside Housing* that expanding council housebuilding was "absolutely important" for her government to achieve the right mix of tenures. "We support councils [to build] in any way we can," she says. "Social housing is critical so people can afford the rent."

Combined effort

The political climate suggests that the trend is likely to continue. The Scottish National Party (SNP) has pledged to build 50,000 affordable homes for Scotland in the next parliament if it wins the elections in May, of which it wants 35,000 to be council-built homes.

Should Labour manage to wrest power back from the opposition, it has promised to build 60,000 more affordable homes.

But how are individual Scottish councils achieving success?

Five councils building the most in 2014/15 (completions)

Falkirk	160
West Lothian	146
Highland	139
North Ayrshire	137
Edinburgh	94

Edinburgh Council has big plans to support homebuilding – as *Inside Housing* reveals in detail on pages 22-25. But other councils are already putting bricks to mortar.

Highland Council completed 139 homes last financial year, making it one of the biggest builders of any local authority in Scotland, according to Scottish Government figures.

Allan Maguire, head of property partnerships at Highland Council, says it builds a large number of homes by working with housing associations and the Scottish Government.

“It’s a huge task to identify sites, design them, build homes and ensure there is adequate infrastructure and services in place to ensure that the new homes have as much of a positive impact as possible. We work closely with the Scottish Government regional department. It’s a strong regional office,” George Paul, executive councillor for services to the community, West Lothian Council, says.

It recently started construction of 13 homes on the site of a former medical facility. This was land it got through the Scottish Government’s policy of giving a council first priority to buy public land for development.

Falkirk Council built the most homes of any Scottish council in the last financial year, completing 160. The council has benefited from having plenty of its own land to build on, which is cheaper than buying plots, says Kenny Gillespie, property and asset manager for corporate and housing service at Falkirk. “Ultimately the land will dry up,” he says. “But obviously you look at your own land first.”

Challenges for councils

In England councils often say they lack the skills to immediately take up the new impetus to build homes. But Mr Maguire said it is not a problem for his council as “we have lots of staff that used to work for housing associations” that brought with them experience of building.

George Paul, executive councillor for services to the community at West Lothian Council – which was the top Scottish Council in 2013/14, when it completed 343 homes – recognises the challenges for councils building homes.

“It’s a huge task to identify sites, design them, build homes and ensure there is adequate infrastructure and services in place to ensure that the new homes have as much of a positive impact as possible,” he states.

Mr Paul explains all the homes his council builds are for social rent and are financed with a mixture of borrowing, government grant and developer contributions.

He adds: “We are satisfied that we have sufficiently skilled staffing resources to deliver the project. What is becoming an issue is the availability of labour to build the homes.”

Of course, one route for Scottish councils is to set up partnership deals with housing associations.

Aberdeen Council did not build any homes in the last two financial years (2013/15). But Neil Cooney, Aberdeen Council’s convener of communities, housing and infrastructure, explains: “In October last year, we agreed a £300m joint venture with Places for People Group to deliver a step change in the supply of affordable homes in the city.

“We have committed to building more than 2,400 properties by 2019 through this agreement, which will help to stimulate the local economy.”

The council is also planning to build 179 homes through its own housebuilding programme, with £23m from its 2016/17 budget.

It might seem like Scottish councils are flush with resources for housebuilding compared to their English counterparts, but Anil Gupta, chief officer for communities at the Convention of Scottish Local Authorities, says it is still unclear how building will be funded in future.

Especially considering the SNP’s 50,000-home pledge, it could be financially challenging to increase production “considering how strapped for cash we are”, says Mr Gupta.

Yet given the political will behind council house construction, it looks like Scottish councils will continue to pave the way.

A policy apart

English councils have a shopping list of ‘asks’ for policy changes which would help them unleash their building power (whether it’s removing caps on borrowing or the Right to Buy, or rules about which grants can be used for what). But Scottish councils have, as it were, already done the shop – and are enjoying the proceeds.

Scottish councils aren’t subject to the same sort of caps on their Housing Revenue Account (HRA) borrowing, while the Right to Buy is being phased out.

They enjoy priority access to public land. And, in January, the Scottish Government announced it was increasing the grant rate for councils to build social homes from between £46,000 and £50,000 per unit, to £57,000 and £59,000.

In England, the Homes and Communities Agency (HCA) does not set a grant rate per unit, but decides according to each scheme. However, the grant rate given per unit does tend to be lower than in Scotland. Tony Cain, policy manager for Scotland’s Association of Local Authority Chief Housing Officers, says: “The attitude is totally different – we are going in different directions.

“We are being actively encouraged to build social housing and in England they are actively being discouraged.”

Scottish councils still have to raise money to build homes – it costs about £130,000 to build a social rented council home in Scotland. So they still need to raise money after grant. But local authorities in Scotland are

given more freedom to raise the cash they need. They can set their own rents and manage their own debt levels.

“There’s more financial capacity with the HRA in Scotland,” Mr Cain says.

He suggests: “Those moving towards larger programmes are those who have low historic debt so they can add to it without a big risk to rent.”

Scottish councils are also able to charge up to 100% council tax on long-term empty second homes, which can be lucrative for the several areas where second homes are common. This money can be ploughed back into new housing.

Councils can also sometimes have first dibs on public land for building. The Scottish Public Finance Manual requires land to be offered to Scottish Government bodies before being offered more widely, usually on the open market.

A Scottish Government spokesperson explains: “Where we are aware of a council having an interest in a particular site, there are circumstances in which it may be appropriate to deal directly with the council before offering the property to any other party.”

Another major factor affecting councils’ appetite to build is the Right to Buy, which will end in Scotland on 1 August this year.

Mr Cain says the end of Right to Buy in Scotland “changes the whole game”. Councils have been much more interested in building since they knew they were going to be able to keep what they develop, he explains.

“Councils have been more interested in building knowing they are not going to be left with a ragtag of stock,” agrees Anil Gupta, chief officer for communities at local authority umbrella group, the Convention of Scottish Local Authorities.

If you look at the statistics for local authority completions, it does show a notable drop of homes completed by councils in the UK in the years after 1978 (110,170), reaching a low of 130 in 2004. The Right to Buy was introduced in 1980.

14. Planning for the future

29 July 2016 on Inside Housing | By Sophie Barnes

Only four in 10 councils have an up-to-date adopted Local Plan. As Sophie Barnes finds out, this risks hampering the government's plans to build one million homes by 2020.

Building one million homes is no mean feat. The government's lofty ambition relies on rigorous planning by councils, to identify the housing need in their area through a Local Plan and allocate land to meet this need.

However, exclusive analysis by *Inside Housing* this week has revealed 60% of 322 English councils do not have an up-to-date adopted Local Plan, leaving a question mark hanging over whether the government will meet its homebuilding target by 2020.

So why have so few councils done this?

The government has told councils to produce a Local Plan by March 2017. If they fail to do so, the government will intervene and produce a plan for them, although exactly how much progress councils need to have made by next March in order to avoid this is not clear.

Part of the problem is councils have to jump through numerous hoops before a Local Plan can be adopted. First, a council must gather evidence and consult with interested parties, then it must produce a draft and launch a six-week consultation. The plan is then submitted to a government inspector and if they recommend adoption this usually completes the process.

There can be several stumbling blocks along the way. Local residents have launched legal challenges delaying adoption of Local Plans, usually objecting to housing numbers on particular sites.

There is also no guarantee an inspector will waive through a plan without challenge. Analysis by consultancy Nathaniel Lichfield & Partners found half of councils had to increase their housing numbers at the examination stage.

Once a plan has been approved by an inspector, it can still be blocked by the government due to changes introduced in the Housing and Planning Act. Birmingham Council has already fallen foul of this new power after Conservative MP Andrew Mitchell objected to the council's plan to deliver 6,000 homes on green belt land. The council's plan is now on hold, a move which will "delay the delivery of much-needed housing", Ian Ward, the deputy leader of the Labour-led council, says.

Planners say the absence of an up-to-date Local Plan can slow down development considerably. Developers and investors interested in building homes find it "very difficult" if a council does not have an up-to-date Local Plan, John Sneddon, managing director of planning consultancy Tetlow King, says.

He says without an up-to-date plan there is no list of sites allocated by the council so developers are taking a "calculated risk" when submitting applications due to the costs involved.

"The vast majority of supply is going to come through these large allocations in development plans," he says.

“Sometimes an application can cost £500,000 on these larger sites and there’s a huge degree of uncertainty without a Local Plan in place,” he adds.

Council planning departments also struggle when there is no up-to-date Local Plan in place. Mr Sneddon says planners could see development taking place in locations where council officers oppose housing being built. “You’re almost undermining any strategy,” he says.

Inside Housing obtained target housing numbers from 307 councils and found the total nationwide came to just over one million between 2015 and 2021. But experts have warned the actual number of homes built could fall short of this.

Martin Taylor, associate director at Nathaniel & Lichfield Partners, says there is a “significant risk” that the housing planned for by councils may not come forward, partly because agreeing housing numbers can be “technically and politically very difficult”.

Without allocating sites for every target home, the million homes target is just “a million on paper”, warns Mr Sneddon. Investors will only be willing to spend “significant resources” to get planning permission once those million homes are allocated to specific sites, he says.

Rob Murfin, who is head of planning at Derbyshire County Council and director of the Planning Officers Society, points out increasing the number of homes is “not just about making local authorities allocate more and more land for housing and granting planning permissions”. In Derbyshire and Nottinghamshire alone there are almost 50,000 permissions for new homes that developers are not building, he says.

This throws the delivery of councils’ housing targets into doubt. Mr Murfin says the housing numbers councils are expected to deliver are “totally unachievable” because they are based on objective assessments that are “well in excess of what the market can ever deliver”.

Consultants working for developers will argue for more land to be allocated to housing when the plan reaches the examination stage, Mr Murfin says, and this provokes opposition from local politicians and the public.

Mr Murfin lays the blame squarely at Whitehall’s door, for its lack of “understanding” of the planning system.

The government has recognised that something needs to change and convened the Local Plans Expert Group. In a report published in March, the expert group said the problem is “even more severe than anticipated”.

This warning has prompted the Communities and Local Government Select Committee to investigate the Local Plan-making process. The chair of the committee, Clive Betts, wrote to the new housing minister last week calling on him to set out how he will reform the process.

So far the government has responded with a stick rather than a carrot. It has threatened to withhold New Homes Bonus funding and intervene where councils have not produced a Local Plan by March 2017.

This approach doesn’t seem to have had much effect so far, and councils, developers and consultants are all agreed the current system is not fit for purpose. The government’s one million homes ambition might just be dependent on reforms to the Local Plan process.

15. Council plans to drop choice-based lettings system

12 October 2016 on Inside Housing | By Sophie Barnes

City of York Council is considering dropping its system that allows people to bid for social housing in an attempt to allocate homes to those “most in need”.

The council is considering withdrawing from North Yorkshire Home Choice, a choice-based lettings system operated by a partnership of social landlords which advertises properties and allows people on the housing waiting list to bid for them.

Instead, in an unusual move, the council wants to return to a policy where officers allocate properties to people on the waiting list.

Faye Greaves, policy and practice officer at the Chartered Institute of Housing, said it is a “backwards step” and it would be a “shame” if other councils followed York’s lead. She said if people are allocated housing rather than choosing a property it could lead to the formation of areas where families are less interested in the local community.

A review of the current system by the council concluded it raises “unrealistic expectations” with people on the housing waiting list and there are “significant blockages in processes leading to duplication, waste and inefficiencies”.

A system where officers allocate properties is a “better use of resources”, partly because it reduces the length of time properties are left empty, a report to the council said.

A council report going to the cabinet next Monday warned the relationship between housing associations and the council may be “strained” because of its withdrawal from the partnership.

Conservative councillor David Carr, executive member for housing and safer neighbourhoods, said there is a “high demand” for housing in the city and the council wants to “target resources to those most in need”.

Choice-based lettings, introduced under the Labour government in 2001, allow applicants to bid for the social properties they want rather than be allocated them by council officers. Most councils have since moved to a choice-based lettings system. Very few are understood to have scrapped choice-based lettings since then, although Conservative-led Barnet Council did in 2011.

A final decision will be made at a City of York Council meeting on Monday (17 October).