



Office of the
Deputy Prime Minister

Creating sustainable communities

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Liz Meek
Chair
London Regional Housing Board
Riverwalk House
157-161 Millbank
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Dear Liz,

1. My letter of 3 June 2004 provided guidance for you and fellow Board members on how we wanted the Regional Housing Boards to take forward their roles and responsibilities over the coming year. I said I would write to you again about the total funding to be allocated through Regional Housing Pots for 2006/07 and 2007/08 and on the outcomes we want to see in the light of the national housing priorities and targets agreed in the 2004 Spending Review (SR2004) and in subsequent discussions.

Objectives

2. The Spending Review confirmed the key overall strategic housing priorities:
- delivering better balanced housing markets, by increasing the supply of housing in general and, in particular, social and other affordable housing in high demand areas and tackling problems of abandonment in areas of low demand;
 - bringing existing social housing and private sector housing occupied by vulnerable households up to the decent home standard at least; and
 - tackling disadvantage, with a particular emphasis on reducing homelessness.

These are an essential part of the Sustainable Communities action programme and reflect ODPM's Public Service Agreement targets (PSA1 on disadvantage, PSA5 on housing supply and demand and PSA7 on decent homes).

3. The distribution of funding between regions and your recommendations on the use of funds within your region need to focus on the pattern of needs across these objectives.

Overall resources

4. The funds to be allocated through Regional Housing Pots for the 2006/07 and 2007/08 are £2.625 billion and £2.912 billion respectively; these figures represent increases of around £100 million and £400 million on 2005/06.
5. The extra resources are to support a substantial increase in provision of social rented housing in high demand areas to turn round the increasing numbers of homeless households in temporary accommodation. The overall targets for affordable housing completions agreed in SR2004 for 2005/06 to 2007/08 are - 75,000 social rented units and 40,000 homes for key workers and through other low cost ownership.

Regional split of resources

6. A consultation paper setting out proposals on the approach to determining the regional split of resources for 2006/07 and 2007/08 has been issued today and a copy is attached. Final allocations for each region will be announced in February.

Key outcomes

7. The development of a major role for regions in helping to determine how resources are used to tackle housing problems is an important part of the measures to deliver the vision set out in the Sustainable Communities Plan. It is important that the resource allocations also support our overall national housing priorities and delivery of the PSA targets. There are, therefore, as for 2004/05 and 2005/06, some key issues that need to be reflected in your recommendations:

- the increased resources provided in SR2004 are expected to be used for provision of additional **social rented housing**, to turn round the growth in homeless households in temporary accommodation, unless there are exceptional reasons for doing otherwise.
- the Government is committed to improving the quality of public services and provision of accommodation through the **Key Worker Living** scheme remains a key part of the strategy for achieving this. This scheme, which operates in three regions - East of England, London and South East - is concentrated on public sector workers in the health, education and community safety sectors. Final eligibility criteria are still to be agreed for 2006/07 and 2007/08, but it is likely that this will generally continue along the same lines. Proposals for these and other regions should address workers in these sectors in areas where there are recruitment and retention problems. The Government is committed to maintaining spend of the Key Worker Living scheme at 2005/06 levels of funding, with a 2½% uplift for inflation. The minimum funding levels (£ million) we want to see in the two years are:

	2006/07	2007/08
East of England	31	32
London	199	204
South East	96	99

- my earlier letter indicated that we would no longer be setting a national housing target for small **rural** settlements. We are, instead, looking to the Boards, outside London, to put forward proposals for targets for rural housing in both market towns and small settlements, which will allow the targets to reflect the region's needs and priorities. This does not reflect any change in the importance we attach to addressing rural housing needs - we are expecting the overall level of RHP funding for rural housing to be at least maintained
- the recommendations must provide funding to support delivery of the decent homes target for **council housing**. The amount of RHP funding to be provided for each authority has already been agreed or is being determined through the decent homes Option Appraisal process. Where the process has not been completed by the time of submission of your allocation recommendations estimates will need to be used.

- your proposals also need to reflect the decent homes target for **private sector housing** occupied by vulnerable households where the target is to increase to 70% the number of such households living in decent housing by 2010.
- we are committed to increasing provision for **Gypsies and Travellers**, the need for which must be properly covered in authorities' housing needs assessments and reflected in Regional Housing and Spatial Strategies. A statutory requirement to include Gypsies and Travellers within these assessments was introduced in the Housing Act 2004, along with a requirement to include Gypsies and Travellers in housing strategies. We accept authorities will, generally, not be in an advanced position on these assessments in time to feed into the next round of Regional Housing Strategies. This being the case we suggest that the ODPM's Caravan Count data are used as a starting point. Nationally, we know that there is a short fall of at least 4,500 pitches. Where needs are identified, either for housing or for residential, transit or stopping place sites, which require public subsidy, these should be taken into account in considering your recommendations. By 2008 we would expect in the region of 450 additional pitches to have been provided. This accommodation, which will count as affordable housing, should generally be provided by RSLs funded through the ADP and we are in the process of amending the Housing Corporation's permissible purposes to enable this to happen. We will be issuing guidance on needs assessment early next year, and further guidance on the production of Gypsy and Traveller strategies and the provision of sites by next summer.

Links with other funding streams

8. It is essential for Boards, where relevant, to continue to work closely with **Growth Areas** and **Market Renewal Pathfinders** to ensure that RHP and other funding streams in these areas support a coherent strategic approach. The significant additional funding for the pathfinders agreed in SR2004 is additional to the expected continued commitment of RHP funding to these areas in line with priorities in the Regional Housing Strategy.
9. Links must also be made to needs assessments for the **Supporting People** programme, which provides revenue funding for housing related support for a range of groups with special needs. Administering Authorities (i.e. county and unitary) are currently developing their Supporting People 5-year strategies, which will identify local needs and priorities, together with a framework of how these will be met, for completion by 31 March 2005. In some areas, regional Supporting People plans are also being developed to the same timescale. Regional Housing Boards should work collaboratively with Administering Authorities in their regions to consider regional and sub-regional needs and gaps in services, particularly around the future role, provision, distribution and types of supported housing (both new and remodelled).

Efficiency

10. In considering allocations for LAs, authorities' track record on delivery and, for any funding allocated through commissioning of specific schemes, the delivery of the Gershon efficiency agenda and the overall value for money offered by the authorities proposals need to be considered.
11. The efficiency agenda is aimed at releasing resources into frontline services. By saving money through more efficient procurement, social landlords can refocus resources to deliver better services to their tenants. We are committed to achieving efficiency gains in the social housing sector worth at least £835m a year by 2007-08. We are piloting a series of innovative

approaches and promoting a series of initiatives to share best practice throughout the sector, including the increased use of procurement consortia. These issues will be addressed through the Housing Corporation's bidding process for funding for RSLs

Allocation recommendations

12. As you know your recommendations on allocations for 2006/07 and 2007/08, along with your latest Regional Housing Strategy, are to be submitted by the end of May 2005. The timetable that we intend to work to for the subsequent steps to establish detailed allocations for local authorities and registered social landlords is attached at Annex A.
13. As a minimum, your recommendations need to provide the following information:
 - the split of funding between LAs and RSLs;
 - an explanation of the basis for allocation of funding to LAs. This will need to set out: any formula based sums, amounts to support delivery of decent council housing and the approach to allocating any remaining funding and priorities to be addressed. Information is also needed on the broad outputs/outcomes and the estimated impact on our PSA targets, including on use of temporary accommodation for homeless families; and
 - a matrix setting out the broad pattern of allocation of funding for the ADP by type (ie rented, LCHO, key workers, gypsies and travellers) and spatial distribution (eg sub-regions and/or strategic schemes). Separate figures need to be provided for rural areas for both market towns and small settlements of less than 3,000 people. Estimates of outputs (approvals and completions) also need to be provided.
14. My officials will consider with your Secretariats and the Housing Corporation whether it would help to have a standard pro-forma for supplying this information.
15. We will shortly issue a note giving guidance on the roles of RHBs, ODPM and the Housing Corporation.
16. I would be grateful if you could ensure this letter is passed on to your fellow Board members and to other regional stakeholders who need to see it.

Yours sincerely,
Keith Hill
KEITH HILL

Key dates in determining RHP allocations for 2006/07 and 2007/08

February 2005	Announcement of Regional Housing Pot (RHP) regional totals
May 2005	Submission by Regional Housing Boards (RHBs) of updated Housing Strategies and recommended allocations for 2006/07 and 2007/08
June/July 2005	Consideration of RHB recommendations
July 2005	Announcement of decisions on priorities and broad allocations for regional programmes
Summer 2005	Housing Corporation launch Approved Development Programme (ADP) bidding round
Oct/Nov 2005	Announcement of LA allocations for 2006/07 and 2007/08
Nov/Dec 2005	Housing Corporation consults with RHBs on proposed ADP programme
Dec/Jan 2006	Agreement of ADP for 2006/07 and 2007/08