

Thriving communities,
affordable homes



**INVESTING
NATIONALLY**



**DELIVERING
LOCALEY**

NHMF – Decent Homes
Michael Clegg
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The changing role of the HCA: investment and enabling



- Investment and enabling agency:
 - investment in new and existing housing and communities,
 - enabling support to local partners,
 - utilising public sector land assets, assisting DCLG playing central role in managing land and property assets of RDAs and
 - the economic regulation of registered housing providers (RPs).

- Delivering three investment programmes:
 - A new affordable housing model
 - Addressing the Decent Homes backlog to prepare for self-financing
 - Property & Regeneration commitments and maximising receipts

- Central to our new role is combining investment, enabling and (for new build housing) land

Affordable housing



- £4.5bn across the spending review period

- Significant NAHP programme delivery in 2011/12

- Affordable rent model to support delivery



Existing Stock



- Delivering existing LSVT Gap Funding commitments (£0.5bn)
- Delivering a new £1.6bn programme of investment for LA DH Backlog
- PFI funding secured for projects *in procurement*
- Government commitment to a self financing settlement
- Working with DCLG and DECC on development of Green Deal



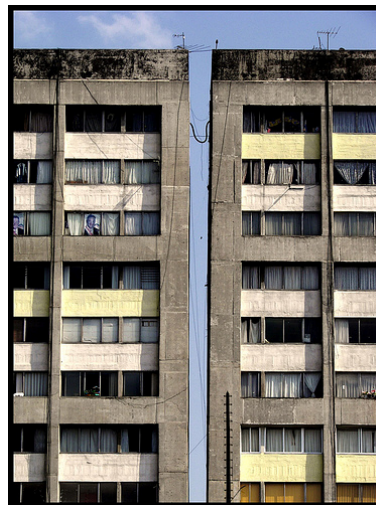
The Decent Homes Backlog Programme



- Funding:

11/12	12/13	13/14	14/15
£260m	£352m	£389m	£595m

- Funding challenge: very tight in years 1 and 2 compared to pre-Spending Review indicative totals.
- Policy changes
 - Removal of 2* AC inspection requirement;
 - Opening of programme to all LA landlords with a backlog



The Decent Homes Backlog Programme



▪ Process:

Publication of allocation process proposals by HCA	11 November 2010	✓
Responses to allocation process proposals to HCA	06 December 2010	✓
Invitation to council landlords to apply for funding	13 December 2010	✓
Deadline for submission of completed bid pro-formas	11 January 2011	✓
Allocation of Backlog funding	January/February 2011	

▪ Themes:

- need: tackling the Backlog and fit with HRA reform agenda
- value: Value for Grant and works costs;
- delivery;
- dependent funding: making links to the energy efficiency agenda.

Procurement efficiency: the Challenge from Government



▪ DCLG Ministers have put an explicit focus on efficient procurement:

- "A renewed and concerted focus on better procurement, greater transparency and increased collaboration that puts the emphasis on productivity above processes can further reduce duplication and unnecessary costs."

Eric Pickles, June 2010





The Social Housing Efficiency Programme

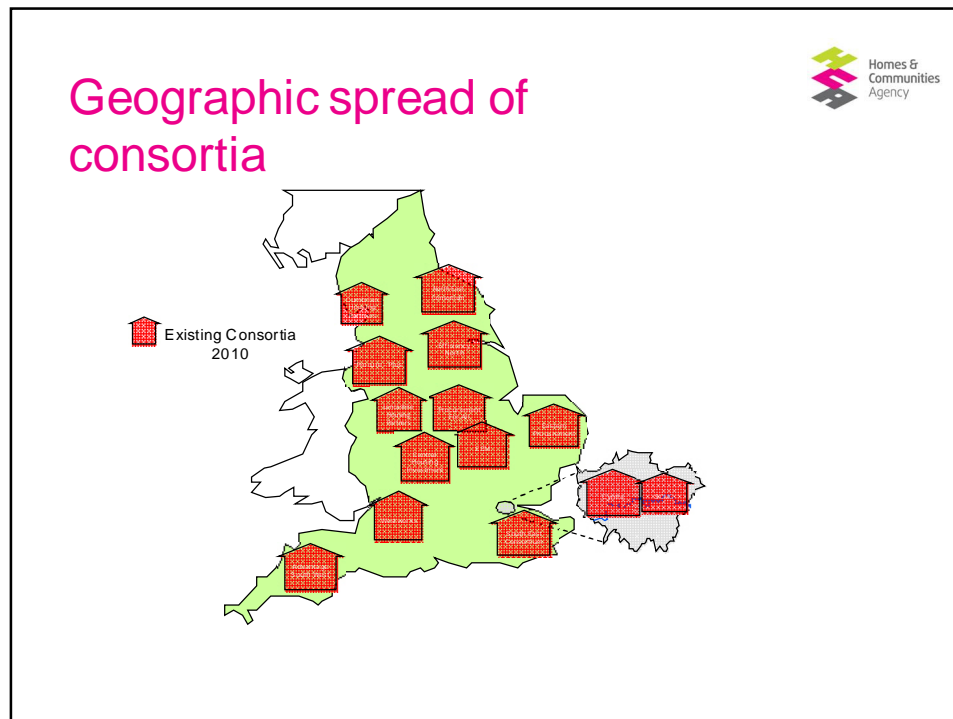
- Realising efficiencies in the Decent Homes capital programme, through strategic procurement by landlords
- Running since Easter 2005: 15 Consortia established with funding approved
- Working across the local authority, ALMO and housing association sectors
- A small grant programme (the Efficiency Challenge Fund) providing concept development and start-up funding for consortia
- A facilitation body to provide expertise and administer grant: the National Change Agent




The Role of the NCA

- Identify potential procurement consortia
- Support them to develop and implement a Business Case
- Promote and share good practice: for example on leaseholder consultation or supply chain intervention
- Offer 'Hands on' support and advice, including achieving EU compliance
- Engage with key industry stakeholders
- Manage the Efficiency Challenge Fund on behalf of HCA





Savings



Over 700,000 tenants have benefited from improvements to their homes to bring them up to the Decent Homes Standard

- Efficiency savings totalling £226M have been made from the cumulative expenditure of £1.6bn
- £80M contribution was made to the 2008 Gershon Efficiency target of £340M for the Social Housing Capital Workstream



Key assets for the future

- Experience with key social housing procurement issues – EU, leaseholders.
- Codification of this experience in guidance notes and template documentation
- An apparatus for inter-consortia comparison through KPIs and a data set to influence stakeholders through monitoring and benchmarking tool.
- Consortia relationships, written into appropriate legal forms, and an established set of commoditised components and services, to mobilise collective buying power.
- Increasing experience of re-engineering supply chains and better informed main contractors.
- A shift of attitude from repairs and maintenance to a strategic asset management approach



Future of the Programme – building the legacy

- The SHEP programme scheduled to end in 2010/11
- No further funding available from Efficiency Challenge Fund
- Challenge now is to ensure the legacy of the programme





HCA procurement efficiency initiative

- HCA enabling role:
 - Looking to build our internal capacity to support delivery partners where this adds value – e.g. facilitating strategic procurement
 - ability to broker relationships between Backlog Local Authorities and consortia at a local level – realising cost and procurement challenge in recent *Proposal*
 - Bringing other HCA activity into strategic procurement purview
- Monitoring KPI and benchmarking data, to enable us to track value for money – value of continuity
- Maintenance of web based resources
- Quarterly consortia meetings and other best practice sharing



Transition to 2011

- HCA setting up a transition team with Trowers and Hamlins and Davis Langdon to ensure the momentum of the programme not lost
- From April 2011, the HCA will take the lead for promotion, support and development of consortia as part of our enabling role
- Ongoing consultancy support from Trowers and Davis Langdon through transition and within the next Spending Review period

Energy Efficiency



- Many landlords have/ are looking to go beyond DHS; e.g. local minimum SAP ratings or year on year increases.
- Opportunities of FiT
- CESP: significant activity planned; less deals complete
- Learning the lessons of (CERT and) CESP:
 - Successful for some;
 - *High match funding requirements;*
 - *Geographic restriction (“urban focus”);*
 - *Not always available for landlords’ priorities;*
 - *Bureaucratic (EPC certificates prior to installing boiler replacements);*
 - *Penalising good landlords who’ve completed easy measures with bid carbon gains.*

Energy Efficiency



- Shaping the Green Deal
 - Not grant funding
 - Concern over refusals and communication to tenants
- Shaping the ECO
 - Focus on hard to treat properties and fuel poor
- Moving to scale