

## **Councils' assessment of the Homes and Communities Agency: October 2009**

### *Summary*

In October 2009 the chair of the LGA Environment Board wrote to leaders of English councils asking for an assessment of their experience of the recently-formed Homes and Communities Agency. Thirty-three authorities responded. Although this is a small sample, respondents reported positive experiences by a wide margin (72% positive, 21% negative). The results are summarised in the table below.

<i>General assessment of experience of HCA, October 2009</i>		
	Number	Percentage
Positive	9	27
Qualified positive	15	45
Neutral	2	6
Qualified negative	6	18
Negative	1	3

### *Positive responses*

Councils that reported a wholly positive experience of working with HCA generally referred to the quality and helpfulness of staff, particularly at regional level but sometimes referring to national staff as well. A number referred to the single conversation as a positive experience, or praised the HCA's willingness to work in partnership.

Some noted that the HCA had supported the authority's ambitions and vision, and others referred to HCA staff's understanding of local circumstances. Some referred to specific successful bids for funds (see Case Study 1).

One authority noted that, where the HCA had disagreed with them, the HCA's rationale was clear.

Other positive aspects included flexible funding solutions, a single point of contact, a willingness to act as a sounding board and assistance in developing strategy.

### *Qualified positive responses*

Nearly half of the respondents were generally positive but identified some areas where relations could be improved. Positive elements included most of those listed in the previous section, especially the quality and helpfulness of HCA staff. One refers to help in developing 'a significant new programme which could not be accommodated within the PFI,' and another to the speed with which the HCA has responded to the 'impact and opportunities of the recession'. One notes its appreciation that the single conversation is

held at district level, hoping that this means that unique local factors will not be lost in regional approaches. Another welcomed the establishment of the HCA developer panel.

Recurring ‘qualifications’ included uncertainty, a lack of clarity and the effects of the economic context. Authorities that had not yet had a ‘single conversation’ were unclear what it might entail. One authority referred to a ‘disappointing lack of clarity’ over the reasons for non-approval of a bid. Another wanted further information on how HCA plans to share and promote its non-financial support, such as expertise in design and development. Another expressed doubt about ‘our ability to continue to enable the delivery of regeneration schemes’ and another was frustrated by ‘current circumstances which have seen a number of initiatives stall.’

Some referred to the lack of flexibility in processes and funding, for example in reallocating funds amongst projects within an overall funding envelope. One authority reports that ‘although the HCA is one entity, their current budget structures prohibit a ‘single conversation’ in the short-term, as different development schemes are still viewed individually.’

One authority noted that the HCA are still requiring an element of each development to be intermediate products (shared ownership, homebuy, rent to buy etc) when the area has good quality properties standing empty but prospective purchasers are not able to access funding. Another authority questioned the rent levels set under Intermediate rent schemes (as being higher than the local market needs). A third regrets the withdrawal of the My Choice Homebuy Scheme.

Other reservations included a view that the HCA is ‘housing-led’, with little evidence of it taking an enabling role regarding infrastructure; a shortage of experienced HCA staff in some regions; contradictory guidance; ‘annuality’ requirements which hamper long-term project planning; the need for more assistance in formulating bids; greater flexibility in selection criteria for the housing stimulus package; and lack of feedback on the progress of bids – for example in relation to the National Affordable Housing Programme.

Concerns about the approach to disadvantaged areas, and the relationship between HCA and the Tenant Services Authority, are featured in Case Study 2.

### *Neutral responses*

The two neutral responses state that it is too early in the HCA’s life to draw conclusions.

### *Qualified negative responses*

Six respondents expressed substantial reservations about their experience with HCA, though each had positive things to say as well. Positive aspects included support for the single conversation (‘an excellent idea’), support for HCA’s broad aims and objectives, approval of the HCA’s approach of seeking greater institutional investment in housing provision and a sense that the HCA wants to work in partnership with authorities.

The most frequently voiced criticisms concerned communication, the HCA's structure, reductions in Growth Point funding and the broad economic and political context.

One authority complained that queries were not answered at all, or the answers did not relate to the questions asked. Another referred to confusion about the criteria the HCA used in evaluating schemes. A number complained about lack of information about the size of funding available. Several complained about a lack of information – about the identity of their local officers, or the nature of new initiatives, or progress with bids.

Concerns about structure included a fear that the HCA was already destabilised by the prospect of merger with the Tenant Services Authority and the possibility of gaining responsibilities from RDAs; an emphasis on housing to the detriment of regeneration; the time taken to unify the Housing Corporation and English Partnerships strands; and doubt as to whether the HCA can pull together the blizzard of existing and new housing initiatives and make them intelligible.

The reduction in Growth Point/Growth Area funding was mentioned by several authorities. One is examined in Case Study 3. Another observed that the 'adverse impact of a reduction in every pound spent in a National Growth Area could well have more severe implications compared to a much smaller Growth Point because of the loss of economies of scale that would normally benefit every home and new job created. If there are to be cuts then a slightly more sophisticated analysis is required which recognises that not every locality is at the same stage of development and the consequences of a blanket reduction would distort the impact disproportionately.' Generally, HCA was criticised for not developing an understanding of the impact of reductions in growth point funding.

Concerns about the political and economic context focus on the scale of funding that is likely to be available from HCA. Respondents also observed that authorities are finding it increasingly difficult to match funds from their own sources. There were also concerns that decisions were being taken to the national level – in relation to land disposal, for example.

Other problems cited included:

- intrusion into matters of design, disrupting the planning process
- the lack of responsiveness of the HCA-appointed agent for the Homebuy scheme
- cumbersome procurement rules
- A focus of liaison at district rather than county level, which was seen as inhibiting the development of a strategic view (and runs counter to the positive responses from some authorities who appreciate the local focus).

#### *Negative response*

The only wholly negative response was that the council had had 'zero involvement' with the HCA.

### *A general observation*

There was only limited consistency in the answers from particular regions. The negative response cited above came from the same region as the positive Case Study 1, for example. This probably reflects the newness of the HCA. Regional offices have had time to work effectively with some authorities but may not yet have reached others.

### Case Study 1

*We have received joint funding from the Homes and Communities Agency to enable the delivery of an additional 200 units over and above the original target of 200 units over 4 years. Therefore the Council, in partnership with [the local housing association] and the HCA will have delivered 400 new units of affordable housing since November 2004. We welcome the regular bid clinics and hope they continue into the future, we feel that they are beneficial to the progression of our development programme.*

*The Council have recently allocated an additional £800,000 of Capital funding to enable the delivery of more affordable homes in the District and would very much like to see the joint funding with the HCA continue.*

### Case study 2

*The HCA have claimed that they intend to work towards the spatial priorities of the local area. We hope that this will mean that some of the most disadvantaged wards in the borough will be able to access funding support from the HCA. The HCA needs to address issues of residualisation in social housing. In particular it needs to lobby for opportunities through the DWP to address these concerns.*

*Delays relating to the sign off of regulatory matters by the TSA have meant that RSL partners have not been able to progress on development sites as planned. We have been struck by the lack of reference to the working relationship that the HCA has with the TSA in our quarterly liaison meetings. Services to existing tenants should be of concern to the HCA.*

### Case study 3

*The area is a New Growth Point and given the close working relationship with HCA locally, we were disappointed to have £1.5 million of NGP capital allocation cut. This came with no warning and without discussion as to the impact on local priorities and commitments. The loss will impact on delivery of the Local Investment Plan requiring re-profiling spend on the regeneration of the Town Centre and the Council being unable to fully support a number of specific projects to provide additional affordable and market housing.*

*HCA and CLG have indicated that the reductions in NGP mean additional investment in new programmes. However having asked Local Authorities to come up with a local programme of investment in bidding for NGP and then to work on Local Investment Plan, the decision to cut funds to invest in national programmes raises a concern as to the commitment of HCA to support locally identified needs and not to simply continue to require LA to bid for national funding.*

*There is a need for HCA to simplify its funding programmes and to make them more flexible and responsive to local need. There are indications that this is intended. However it is critical that as public sector spending is cut HCA reinvest receipts from local land disposal into regeneration. 'Place making' is very much the buzz word but this requires a committed flow of funds over a sustained period to achieve. The borough has clear priorities and such assurances have been made locally but we have yet to see the model of how land assets, which HCA have in abundance here, might be used to support its achievement.*

*Data issues*

Responses were received from 33 authorities (a response rate of 9%). Although this is respectable given the short time available for response, it is best to take these responses as indicative rather than representative of the range of experience across all authorities.

There were responses from all authority types and from all regions other than Yorkshire & Humber. The distribution is summarised in the table below. Metropolitan and unitary authorities were over-represented amongst respondents, with shire districts and counties somewhat under-represented. The North East was over-represented while the East and south West regions were under-represented.

The allocation of respondents to the five-point rating scale used in this report was determined by the researcher who undertook the analysis. It is **not** a self-assessment by authorities of their experience.

<b><i>Responses classified by authority type and region</i></b>			
<i>Authority type</i>	<i>Number</i>	<i>Region</i>	<i>Number</i>
Metropolitan	8	South East	7
London borough	3	London	3
County council	2	North West	6
Unitary	7	West Midlands	4
Shire district	13	East Midlands	5
		North East	4
		East	2
		South West	2