

CIH response to the All-Party Parliamentary Group on Devolution's inquiry into the role that central government has in making a success of devolution in England

Introduction

CIH is the membership body for people working in and with an interest in housing across the UK. Our members work for local authorities, arm's length management organisations and housing associations across England, both within devolved authorities and those areas that so far have not developed or agreed a devolution deal with government. This response will look specifically at the issue of housing and its place within England's devolution agenda. devolution.

General comments

- Housing is a key pillar of the devolution agenda, underpinning economic performance and health and wellbeing.
- This will be even more the case as we emerge from the pandemic to tackle both health and economic recovery.
- This inquiry provides the opportunity to draw learning from the devolution experience to date and to develop a strong strategic and supportive framework for progress to areas currently left out of this agenda.

Response to questions

Existing barriers to devolution

What barriers exist at national government level to the delivery of housing?

The UK is facing a shortage of housing and the need to address it is urgent. It has become a widespread public concern in recent years, with increasing pressure on the government to address the problems of availability and affordability. The government has responded positively by setting a target to build 300,000 new homes a year by the mid-2020s. This is close to [research](#) by Heriot-Watt university for the National Housing Federation and Crisis, which stated the need for 340,000 new homes a year across England, of which 145,000 should be affordable housing (90,000 for social rent, 30,000 intermediate rent and 25,00 for shared ownership or other low cost home ownership tenures).

Alongside that target figure, the government has stated its commitment to reinvigorate home ownership which has dropped significantly from its high point of 71 per cent of the population in 2003, to [65 per cent](#) in 2019-20. Although housebuilding was increasing before the pandemic, there was still a shortfall, with [173,660](#) new homes developed in the year to June 2019. Only [6,287](#) new social rented homes were delivered in 2018/19 (and more lost through right to buy, conversions to affordable rent and demolitions). The ongoing loss of the most affordable homes will be a significant problem for economic recovery as we emerge from the pandemic, with both [unemployment and redundancies](#) rising, and hitting certain age cohorts disproportionately (rising by 7 per cent for people aged 16-24, and those over 65). Younger households are likely to be particularly severely affected, as many will be living in the private rented sector and with limited or no financial reserves. CIH has [called](#) for a shift in the focus of the government's existing investment programme, of which only 26 per cent is for affordable housing. As local areas plan for recovery from the pandemic, it is likely that local and combined authorities will see the need for a higher proportion of affordable homes, rather than less. The pandemic has also thrown a spotlight on the [quality](#) of housing with so many having to remain for long periods at home, so pressure to address the quality of existing homes alongside the drive to retrofit to achieve carbon reduction targets will all increase demand for investment. Devolved authorities should work to utilise the additional housing funding to support their economic recovery plans.

Given the scale of the housing shortage, the pressures to deliver new homes, plus the emerging challenges from the current pandemic, the government has sought to maximise all of its levers of powers and funding to achieve its target. In terms of devolution, however, this has led to different approaches and agreements in the deals it has established to date; most include some housing measures but not all, even where it was a priority for the devolved authority. Setting out clear principles and a process for devolution alongside coherent and comprehensive housing policies would strengthen devolution going forward. However, it has also introduced some changes to planning policy that undermine devolution and what many areas are trying to achieve.

A supportive national policy framework

Delivery of new housing at the scale we need requires national housing policies that are strategic and comprehensive in their approach and coverage, based on analysis of the housing market and its successes and failures in meeting the needs of particular groups, and which sets a framework which enables local authorities to implement flexibly to fit their own circumstances.

This is best achieved by working with local and combined authorities and the wider housing sector to develop and implement. It would enable the national policy framework to:

- have sufficient flexibility to address the way those priorities will differ and the nuances across different localities
- support local and combined authorities to develop local strategies that deliver for their communities and their contribution to national targets
- broker the relationships that enable productive conversations both between the partners in devolved areas, and with national government for future agreements.

This includes not only policies and funding to drive new housebuilding but also a strategic approach to regeneration, and interventions to improve existing housing across all tenures, all of which is critical not only to meet the needs of existing and future households but to support economic performance and growth and underpin improvements in population health. (For example, [research](#) by the Northern Housing Consortium revealed the extent of poor housing conditions in the Northern regions. Nine per cent of social housing, nearly one million owner-occupied and 354,000 private rented homes fail to meet the current Decent Homes Standard, with a significant impact on the health and wellbeing of residents, and costs for stretched public services such as health and social care.)

Strategic planning policy

The government is concerned to ensure that its ambitions to deliver 300,000 new homes is achieved, and has focused on the planning system as part of the problem/ solution. It has amended its proposed changes to the standard methodology for assessing housing need, with additional focus on urban areas. , [Modelling](#) of the previous model suggested it may have continued concentration of housing growth numbers in London and the south of England, with some areas of the north and midlands flatlining or falling below recent delivery. We would argue that building ways in which local and combined authorities can have greater access to and involvement in the design of planning and housing policies, to ensure that they have the flexibility to address national and local priorities, is needed to help to refine this and other aspects of the planning system in a positive way.

CIH remains concerned about other changes to existing planning policy that undermine the aims of local and combined authorities to tackle the issue of housing conditions and decency, in particular the extensions to permitted development rights (PDR). We have already alluded to the problems highlighted by the pandemic about the quality of housing in many areas; however, extending homes delivered through PDR risks creating a new tranche of poor quality homes that will have negative impacts on occupants' health and wellbeing, as illustrated by the government's [research](#). Local communities have no real say over homes

developed through PDR, and neither do these contribute to much needed local infrastructure or affordable homes.

We are concerned that this cuts against what a lot of local and combined authorities are trying to achieve. There is a risk that local communities will be further disengaged or opposing development and regeneration if they see poor quality development that provides not clear contribution to the local area. This inquiry provides an opportunity to push for future devolution to be taken forward and shaped by local and national experience and ambitions.

How can government ensure local and combined authorities have the capacity and skills to take on new responsibilities?

Local authorities have faced significant [funding reductions](#); between 2010 and 2018/19, it was reduced by 18 per cent overall, largely due to cuts in central government grants including retained business rates (by 38 per cent, from £34.6 billion to £24.8 billion in cash terms). The National Audit Office [revealed](#) that local authorities had reduced spending on planning and development by 52.8 per cent between 2010/11 and 2017/18, and by 45.6 per cent on housing services. Whilst combined authorities may be able to stretch limited resources further through close working across local authorities and provider partners, this is still likely to impact on capacity.

Homes England, in its role in [accelerating](#) delivery, is building up its resources and capacity to address difficult issues that can be barriers to delivery of homes, managing relationships with developers and landowners, supporting small and medium developers and land assembly, infrastructure investment etc. The agency recognises the importance of working with local and combined authorities to identify where to focus investment, and the importance of local leadership. As devolution progresses, greater flexibility should be given for the agency and partner local/ combined authorities to use resources more flexibly to sustain long term development and regeneration programmes tailored to the locality, led by the authority's local knowledge and involvement of local communities.

In areas where devolution deals do not currently exist and where housing is not part of the current package, councils have to expend time and resources on chasing multiple different funding programmes (if / when they have the capacity to do so). The government's [announcement](#) at the spending review that it would look to change the complexity of its funding approaches is therefore to be welcomed. However, although its Levelling Up fund is intended to take a holistic place- based approach, it is still a bidding process managed centrally, unlike the Brownfield Housing Fund which awarded funds directly to combined authorities, indicating that there is still some way to go in developing a real partnership approach between the centre and local areas on how to deepen and expand devolution, and tackle the problems local areas face.

Lessons learned from English devolution

To what extent do combined authorities need greater control over devolved policy areas, such as skills and housing, to ensure they have enough responsibility to be held accountable for the economic performance of their areas?

Housing should be part of the initial agreement of powers and funding offered under devolution because of its critical role in economic growth and performance, but also because of its contribution to health and wellbeing. Action to support recovery and improvement across these areas will be vital to address the challenges from the pandemic. Where it is excluded from any deal, that should be arrived by agreement between the future combined area and the government, accompanied by a timetable to agree when and how it will be included as devolution progresses.

Most devolution deals are still relatively recent but are gearing up to address housing challenges with provider partners ([see West Yorkshire housing partnership](#)) whilst others are delivering positive results (such as Greater Manchester's use of the [housing investment fund](#); its provider partnership that is delivering [new homes](#) and a successful [homelessness project](#)). However, some areas have not had any devolution in terms of housing in spite of having a track record of delivery, such as Cornwall Council. Although it has positive engagement from Homes England, it reduces the flexibility the council has to address some of its specific issues, including land remediation, delivery in small and complex sites, value for money targets etc.

Developing and progressing devolution will also require time and capacity within central government, ideally with teams across departments, to build relationships with the devolved authorities and facilitate a joint approach to national policy development that can more effectively support progress.

Looking forward - central government reform

How can devolution be secured for those parts of England that have so far been left out of this agenda?

Further devolution should be established on clear principles taken from the lessons of existing deals, so that local areas have flexibility in how they work together across a geographical/ economic area rather than through a set structure. This would enable other unitary councils to follow Cornwall's lead where appropriate, or for county and districts to work together. A [report](#) from the County Council Network explores several examples, including Essex County Council which has a dedicated housing growth unit and works with its districts to maximise public sector assets, particularly land, and manage the entire process, capturing savings and increasing receipts from the process. These authorities are working

together to develop housing across tenures and types driven by shared priorities including: improving the quality of new homes; developing areas that are not attractive to private developers, and building specialist homes to meet demographic needs and encourage more independent living opportunities.

Should local government have a more formal role in the development of national policy?

We have acknowledged above that national housing and planning development as well as the bigger devolution agenda would all benefit from being designed and shaped by ongoing discussion and engagement between national and local government, as well as wider sector partners where appropriate. Local and combined authorities, in their accountability to local communities, can also provide a stronger engagement with local people themselves, enabling them to shape critical public services and areas.

The government established the EU exit local government delivery board to involve local authorities in its planning and preparation for the UK leaving the EU; similar boards could usefully be established to develop key policies that impact on devolution as well as a more longstanding partnership vehicle for the ongoing development of devolution itself.

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple - to provide housing professionals and their organisations with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world.

Further information is available at: www.cih.org

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