
Adult, Community and Housing Services Scrutiny Committee Wednesday 18th February 2015

Report of the Strategic Director of Environment Economy and Housing

The Elphicke-House Report and Lyons Review

Purpose of Report

1. The purpose of the report is to inform committee of two recent reports –the Elphicke – House Report and the Lyons Review concerning housing delivery.

Background

2. There is a general consensus that UK house building has failed to deliver the homes needed in the country and that there is an urgent need to build more homes – upwards of 220,000 homes per annum to keep pace with housing demand.

The Elphicke-House Report

3. The Government announced in the 2013 Autumn Statement that it would launch a review into the role that local authorities can play in housing supply. The aim of the review was to: explore the role that local authorities could play in increasing the supply of housing; consider whether councils were playing a pro-active role in building new homes for local people; examine how they were using their new freedoms under the Housing Revenue Account self financing regime. The review was led by Natalie Elphicke and Cllr Keith House.
4. The report was written in the context of the new roles and responsibilities provided for councils through the Localism Act 2011 and the self financing settlement for council homes, to look at what councils do and what councils could do. It was also written in the context of the Government's stated priority to see a public sector surplus in 2017/18 with recommendations supporting this priority.
5. They reported back to Government in January 2015. Its key recommendation was that councils should change: from being statutory providers to being Housing Delivery Enablers. It envisaged the housing delivery enabler providing:
 - **Community leadership and strategic clarity** – it saw councils as having a primary role in creating, shaping, sharing and communicating a vision for their areas but that this needed to be a shared vision with local people reflecting their wants and needs too.

- **Creating housing opportunity** – it saw councils working with businesses and other partners and actively using their assets to deliver housing opportunities.
 - **Business leadership** – it saw councils at their most successful when working in partnership with a strong role in setting out a clear direction and promoting opportunities for all.
 - **Management of housing supply** – it saw the council's role as identifying land suitable for housing development including smaller sites for community housing and local builders.
 - **Shaping a stronger housing finance market** – it recommended establishing an Independent Housing & Finance Institute and that councils should explore innovative financial mechanisms to support new housing development and the setting up of local housing delivery organisations.
6. It made a total of 30 recommendations and identified a number of case study examples provided to the review and used as examples of the role of a housing delivery enabler. A number of the identified examples are also being delivered in Dudley including: addressing supported housing needs, releasing land for development, building out disused garage sites, intervening to unlock barriers to development.
7. The Government's initial response to the report has indicated that they accept a number of the recommendations immediately including that councils should become Housing Delivery Enablers by being more active in creating housing opportunities, using their own assets and working closely with partners to deliver more homes. Other recommendations they have indicated as requiring further exploration.

The Lyons Housing Review

8. The Lyons Housing Review reported last year (2014) having been established nine months earlier by the Leader of the Opposition. It identified that *' we currently build half the number of homes we need each year and the consequences in terms of overcrowding, thwarted ambition, rapidly rising rents and the impact of house price inflation on the management of the national economy are clear for all to see.'*
9. The final report set out:
- **Why we don't build enough homes** – identifying the causes as not enough land being brought forward for new homes and that the capacity to build new homes has shrunk.
 - **A roadmap to tackle the housing crisis** with a series of short term, medium term and long term actions.
 - **The need for national leadership and a focus on delivery** – including the establishment of a cross party government task force.
 - **The need to make more land available for housing in the right places and ensuring that it is developed** – with a recommendation that council's responsibility to identify sufficient land and to cooperate across boundaries would be strengthened and powers granted to incentivise faster development.

- **Giving communities the power they need to shape the places in which they live and deliver the homes they need** with a recommendation that local authorities should play an energetic role in leading housing developments for their communities.
 - **A bigger and more diverse house building industry** with a recommendation to encourage volume builders through policy stability, more risk sharing and working with the public sector and to revive the SME sector through a package of support.
 - **Housing for all** with a recognition that we need a range of housing that reflects people's ability to pay and their life stages.
 - **Garden cities and Garden Suburbs** – with a recommendation that building should be on 'brownfield first' but there should also be scope to expand existing towns.
 - **Funding infrastructure** – with a recommendation that the way viability and increases in land value are assessed is made clearer with a new arbitration service for negotiations between councils and developers.
 - **Design and the environment** – housing requires public support and the report suggested that this could be encouraged by providing good quality housing.
10. The report made a total of 39 recommendations – some are for national government to take forward, whilst others could be progressed by local authorities. Our current position has been assessed against each of the recommendations and we are proposing to explore a number of the recommendations as part of our housing strategy action plan.
11. There are a number of similarities between the two reports – both documents present a vision for increased housing provision by enhancing local delivery mechanisms and both seek to increase housing supply that is responsive to local needs. They both also mention making better use of public land, the possibility of further Housing Revenue Account (HRA) borrowing flexibilities and support for small builders and SME's.
12. The Lyons review is more specific with timeframes and a target of delivering 200,000 new homes per year by the end of the 2020-2025 period whereas the Elphicke-House Report is less specific on targets and timescales. The Lyons Review also mentions making better use of housing association assets and borrowing powers with the Elphicke- House report silent on this issue. There are also different recommendations in securing private investment with the Lyons Review placing an emphasis on councils and housing associations being the delivery agents. Elphicke –House proposes the establishment of 'an independent Housing and Finance Institute to support a step change in housing activity and shape a stronger housing finance market.'

Finance

13. There are no budgetary implications arising from this report. The exploration of any recommendations arising from either the Elphicke-House Report or the Lyons review will be undertaken within existing resources.

Law

14. Section 111 of the Local Government Act 1972 enables the Council to do anything that is calculated to facilitate or is conducive or incidental to this discharge of its various functions.
15. Pursuant to Section 1 of the Localism Act 2011 the Council has the general power of competence to do anything that individuals may do.

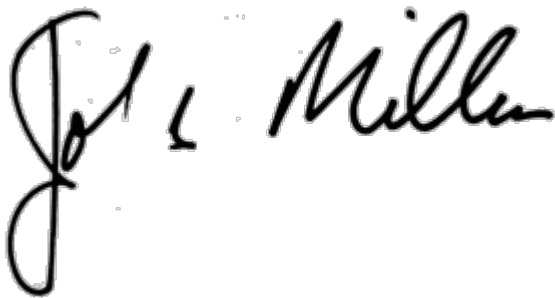
Equality Impact

16. The recommendations set out in both reports – if implemented - will have a number of positive impacts in terms of equality outcomes - including the delivery of additional housing helping to meet a range of housing needs and drive economic regeneration, with better designed housing helping to reduce running costs and providing a better environment.

Recommendation

17. It is recommended that:-

- Scrutiny Committee notes the contents of the report.
- Makes any recommendations on the report for further consideration.



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List of Background Papers

Delivery of new affordable housing – new role envisaged for local authorities? February 2015 Wendy Murphy, hqn.