

12 December 2007

Ken Livingstone
Mayor of London

Chief Executives
Regional Assemblies

HOUSING INVESTMENT IN THE REGIONS: REGIONAL HOUSING POT 2008-11 - REGIONAL ALLOCATIONS

This letter sets out Ministers' final decisions on regional allocations drawn from the Regional Housing Pot for 2008-11. It sets out the basis on which final decisions were made and outlines next steps.

1. I wrote on 16 October seeking comments on proposals for the regional distribution of the Regional Housing Pot for 2008-11 (RHP) and further advice on how the regional shares should be split between the workstreams supported by the RHP. I know that the timetable within which your responses were requested was challenging and I am very grateful to you for the hard work which went into them.

Regional distribution

2. Most responses received did not comment on the methodology used to arrive at the regional distribution of the RHP. Only one specific comment was made to suggest that the formula and indicators used to underpin the distribution should take more account of the impact of migration on housing need. Migration has been built into the analysis we have done through the use, where appropriate, of population based surveys relating to 2005-06. Examination of the most recent figures for migration does not suggest that the regional distribution would be significantly affected if they were included in the analysis.
3. Ministers have, therefore, decided to proceed with the regional distribution as set out in my letter of 16 October.

Regional allocations

4. Regional allocations¹ are set out in the table attached to this letter.
5. In arriving at these allocations, Ministers have sought to follow the proposals set out in your advice as far as possible. For some Regions, changes to the allocations proposed have been made to ensure the delivery of the **affordable housing** outputs Ministers seek. In particular, Ministers have not been able to agree that funding intended for new supply of affordable housing be used for other activities. At the same time, Ministers have made it clear that they are not prepared to see affordable housing funding used to support building standards (for instance, environmental standards) over and beyond the national standards that they have already set.
6. Ministers have also been concerned that some Regions' proposals do not provide sufficient cover to deliver against the decent homes and regeneration agenda. Changes have, therefore, been made to some Regions' allocations to increase support for **private sector renewal**. For two Regions (North West and South West) additional funding has also been allocated to provide some contingency cover in case major stock transfers currently in the pipeline do not go ahead. If the stock transfers do go ahead, the funding can be used to support private sector renewal activities.
7. The table attached to this letter also sets out proposed regional allocations for the "**Gypsy and Traveller Site Grant**" for each Region. These allocations take into account a number of factors:
 - Regional Assemblies' advice to Ministers on spending priorities between 2008-11;
 - allocations between 2006-8, and the value of bids received and expressions of interest made during that period; and
 - the estimated need for spend on refurbishment.
8. Claire Cooper will be writing to you separately with further details of the process for finalising regional allocations of the Gypsy and Traveller Site Grant. In the meantime, I would remind you that funding for affordable housing can also be used for the provision of accommodation for Gypsies and Travellers, consistent with achieving minimum outputs. Consideration should be given to levels of need in your region to determine whether this is appropriate, and I welcome the commitment that has already been shown by some Regional Assemblies to this approach.
9. Finally, London's allocation has been rephased to reflect expected take up of the "**Growth Support (Affordable Housing) Fund**" which now has the profile £100/200/300m.

Next steps

10. The allocations attached to this letter are firm for 2008-09. But provisional for 2009-10 and 2010-11. Ministers are aware that these allocations do not meet all of the aspirations you have set out for your areas. A number of regions are seeking to develop innovative approaches which might deliver outputs at lower

¹ As you will be aware, these allocations can only be provisional in order to allow flexibility to respond to unexpected contingencies during the 2008-11 period. However, given the proximity to the next financial year, allocations for 2008-09 can be taken as firm. Allocations in the table have been rounded to the nearest £m. In some cases, this has produced some minor anomalies. My team will be contacting you shortly to provide detailed allocations.

costs. Ministers are open to approaches of this sort, provided that they can deliver the affordable housing outputs to which the Government is committed.

11. We would welcome suggestions as to alternative approaches to delivery which might have the effect of delivering greater outputs within overall regional allocations for 2009-10 and 2010-11. Suggestions for different approaches should in the first instance be directed to Mary Stallebrass (Communities and Local Government, Zone 2/G1, Eland House, Bressenden Place, London SW1 5DU (email: mary.stallebrass@communities.gsi.gov.uk).
12. **Local authority decent homes** allocations have already been supplied by the relevant Government Offices. My team will be in touch to seek your confirmation that these figures should be used in the final version of the Housing Revenue Account Subsidy determination. The deadline for responses on an exception basis will be **20 December 2007**.
13. Now that allocations have been finalised, my team will also be in touch with you to seek your recommendations for allocations to individual local authorities to support **private sector renewal**. The deadline for responses to this exercise will be **8 February 2008**.

Andrew Wells
Director

		Affordable housing	LA decent homes	Private sector renewal	Gypsy & Traveller Site Grant	REGIONAL TOTALS
North East	2008-2009	48	17	23	1	89
	2009-2010	55	17	23	1	96
	2010-11	59	17	23	1	100
Yorkshire and Humber	2008-09	92	27	54	2	175
	2009-10	107	27	54	2	190
	2010-11	116	27	55	2	200
East Midlands	2008-09	100	20	23	3.5	146.5
	2009-10	105	20	27	3.5	155.5
	2010-11	112	20	22	3.5	157.5
East of England	2008-09	213	13	10	9	245
	2009-10	243	13	15	9	280
	2010-11	255	13	25	9	302
London	2008-09	1121	150	34	2	1307
	2009-10	1071	145	87	2	1305
	2010-11	1146	145	71	2	1364
South East	2008-09	376	11	20	6	413
	2009-10	417	11	30	5.5	463.5
	2010-11	466	11	30	5.5	512.5
South West	2008-09	213	9	19	5	246
	2009-10	245	9	27	4.5	285.5
	2010-11	254	9	27	4.5	294.5
West Midlands	2008-09	134	23	49	2.5	208.5
	2009-10	154	23	51	2.5	230.5
	2010-11	179	13	53	2.5	247.5
North West	2008-09	157	5	102	2	266
	2009-10	175	4	108	2	289
	2010-11	194	4	82	2	282
Growth Support	2008-11	600				600
TOTALS		8407	803	1144	97	10451

