Department for Levelling Up,
Housing & Communities

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Clive Betts MP
Chair
Levelling Up, Housing and Communities Committee
House of Commons
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5th February 2024

Dear Clive,

The finances and sustainability of the social housing sector

Thank you for inviting me to give evidence on the 22nd of January at your Committee's inquiry into the finances and sustainability of the social housing sector. I undertook to write to you about some of the points raised.

NPPF and Local Plans

You asked whether local plans should specify how many social homes should be built. It is indeed for local planning authorities to identify the demand for social housing in local plans.

It is crucial to plan for the right numbers of homes. Government expects each local authority to deliver, wherever practicable, the numbers, types, and tenures of housing its communities need, including affordable homes. The National Planning Policy Framework makes clear that local authorities should assess and plan how to meet its local housing need over the Plan period, using the standard method. It also sets out that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, which may include homes for social rent.

As you are aware, the Government published an updated National Planning Policy Framework in December 2023. This made clear that the standard method for assessing housing need is an advisory starting point to inform plan-making, not a mandatory target. Local authorities can put forward their own approach to assess housing needs, but a different method should be used only in exceptional circumstances. Any alternative approach will be scrutinised closely at examination. The update also included changes to emphasise the role that community-led development can have in supporting the provision of more locally-led affordable homes.

The Levelling-Up and Regeneration Act includes a specific requirement that local plans must take account of an assessment of the amount, and type, of housing that is needed in the local planning authority's area, including the amount of affordable housing that is needed. This new legal requirement will apply to local plans prepared under the new plan-making system, which Government intends to have in place by autumn 2024.

Funding for fire remediation

The Government has always been clear that the primary responsibility for resolving any building safety issues lies with those responsible for the creation of the issues. Where developers or building owners are not currently funding cladding remediation, the Government has committed £5.1 billion to ensure that people are safe and feel safe in their homes.

Registered Providers of social housing are responsible for making sure their buildings are made safe in a proportionate and timely way. The Social Sector ACM Cladding Remediation Fund has committed up to £400 million fully to fund the removal and replacement of unsafe ACM cladding systems on buildings over 18 metres that are owned by registered providers of social housing and local authorities; compared to £200 million for the private sector from the Private Sector ACM Cladding Remediation Fund.

Under the Building Safety Fund (BSF), the Department has to date committed £214 million to support registered providers of social housing to remove and replace unsafe non-ACM cladding on buildings over 18 metres; compared to £2.1 billion for private sector remediation. Registered Providers can apply to receive funding from the BSF and Cladding Safety Scheme where meeting the remediation costs would make the provider financially unviable; or to cover costs which, in the absence of the protections in the Building Safety Act, could be passed on to leaseholders, including shared owners.

A number of social housing buildings are also expected to be remediated by the original developers under the terms of developer remediation contracts.

We are working with the Regulator of Social Housing (RSH) to establish the number of buildings in the social sector that will need remediation and the likely costs of those works. RSH published the findings of its first Social Housing Remediation Survey on 16 November 2023. Survey findings included that:

- providers reported having a combined total of 15,405 11m+ buildings, of which 1,608 are known to require cladding remediation work.
- remediation works are complete in 7% of these buildings.
- works have started in 25%.
- plans for works are in place in 37%.
- 32% of buildings had plans unclear from the survey.

The RSH's second survey closed on 31 December 2023 and its findings are expected to be published in February 2024.

We expect all RPs to identify and assess all relevant housing stock and to remediate their buildings at pace. We are working with regulators to make sure that this is happening.

Local Authority data correction

We wish to make a correction to the written evidence we submitted to your inquiry in April. This stated that "*LAs spent a total of £6.0bn on maintenance (revenue) and major works (capital—from the Major Repairs Reserve) in 2021-22*". The actual figure is £3.8billion. We believe this error was made by including spend on 'supervision and management'. Information regarding LA housing revenue account expenditure is publicly available. The sentiment of the statement, however, is still correct as it was, at the time, the highest on record.

Yours ever

Jane

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