



*Delivering Housing and
Regeneration:
Communities England
and the future of social
housing regulation*

Consultation



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Foreword

Housing and regeneration speak to people's deepest aspirations. Everyone needs a decent home. Everyone wants to be proud of the place where they live. And everyone deserves to live in strong, sustainable communities, with a fair chance to get on in life.

Since its earliest days this Government has made housing and regeneration a major priority, and I am proud of our achievements over the past ten years:

- Long-term economic stability, low interest rates and high employment that have helped 1.8 million more people become home owners.
- A million more decent social homes, with families benefiting from new bathrooms, kitchens, proper heating and insulation for the first time.
- A two-thirds reduction in rough sleeping.
- An end to the scandal of homeless families with children spending long periods in bed and breakfast accommodation.
- More houses being built today than at any point since 1990.
- 77 per cent of new homes being built on brownfield land, compared to just 56 per cent in 1997.
- Mixed use regeneration of urban centres and neighbourhoods.
- And the massive investment through New Deal for Communities, the Neighbourhood Renewal Fund and the Coalfields Regeneration Trust transforming the lives of those living in some of our most deprived areas.

This is real progress against the significant challenges caused by years of neglect in the 1980s and early 1990s. Government investment has been crucial. But it has been matched by the commitment and passion of partners from local authorities, the third sector, and communities themselves.

Today we have a unique opportunity to build on ten years of progress. A unique opportunity to ensure, by working together, that every individual and every community has the opportunity to share in prosperity.

This means getting better at tackling the stubborn deprivation that still persists in some areas. This means building still more new houses, so that even more people have the opportunity to own a home of their own. This means enabling more people who have experienced homelessness to build a secure future. And it means not just building more social housing, but ensuring that it genuinely helps people play a full role in the economy and wider society.



In January I set out proposals to create Communities England, a new national housing and regeneration agency to help deliver these objectives. It will bring together the expertise, the resources and the powers to transform the way we deliver new homes and revitalise deprived places. Combining three successful aspects of the Government's housing and regeneration work – English Partnerships, the Housing Corporation and delivery functions from the Department – offers the opportunity for a more strategic, more effective approach.

Communities England will be a stronger partner for other private and public sector organisations. It will help local government step up to its place-shaping role, building local authority skills, and offering expert support. In this way, it will help deliver the devolutionary vision of the Local Government White Paper. Communities England will also work with the private sector, making the most of the potential for private investment to help all our villages, towns and cities stand on their own two feet.

Today, we also have a vital opportunity to rethink the way we regulate social housing. Professor Martin Cave's independent review makes a powerful and eloquent case for reform – highlighting how the current system can be improved to put tenants first. As part of measures to increase choice and drive up service standards, he suggests that the creation of a single, independent regulator for social housing could bring significant benefits. This document outlines our proposals for the future regulation of social housing providers.

This is your opportunity to consider our proposals and help us shape Communities England. I look forward to your contribution.

A handwritten signature in black ink, appearing to read 'Ruth Kelly', written in a cursive style.

Ruth Kelly, Secretary of State for
Communities and Local Government

Chapter 1

Executive Summary

- 1.1 The proposal to set up Communities England was announced in January 2007. This document explains more about the new agency and offers an opportunity for you to comment on its roles and responsibilities and suggest how it might operate.
- 1.2 This document also invites views on the Government's proposals for the future system of regulating social housing providers, currently undertaken by the Housing Corporation taking forward recommendations made by Professor Martin Cave in his Review of Social Housing Regulation.
- 1.3 Communities and Local Government, English Partnerships and the Housing Corporation have worked with local authorities and private and social housing providers to deliver marked successes. The supply of housing has increased by 29 per cent since 2001 and investment in affordable housing has more than doubled in this time. Over £2.8 billion of private sector investment has been attracted into regeneration since 2001, and 1.4 million hectares of derelict and reclaimed land has been improved and brought back into use. The Housing Corporation has also ensured that housing associations remain viable and that their social housing meets required standards through its Regulatory Code, guidance and ability to intervene.
- 1.4 The creation of Communities England will build on this success, and strengthen and streamline the delivery of housing and regeneration. Communities England will be an expert partner, working with local government to shape places. It will be one of the agencies that will work with local authorities to develop a vision for an area and work jointly and imaginatively to make it happen.
- 1.5 We are keen to ensure that Communities England plays an important role in strengthening local leadership and empowering local communities as outlined in the recent Local Government White Paper.¹ Communities England will be made a named partner for local authorities to consult when preparing the Sustainable Community Strategy and the Local Area Agreement; the strategic vision and delivery plan for an area.
- 1.6 We propose that Communities England should help to deliver a range of core outcomes, which would include:
 - increasing the supply of housing – including delivering ambitious plans to increase the supply of affordable housing for rent and shared ownership and increasing low cost home ownership;
 - regenerating underperforming urban centres and neighbourhoods to contribute to the achievement of sustainable development in England;
 - transforming disadvantaged estates through promoting mixed communities;

¹ *Strong and prosperous communities – The Local Government White Paper*, Communities and Local Government, Oct 2006, Cm6939–11.

- sustaining strong and stable existing communities by promoting a mix of income, tenure housing type, tackling worklessness, promoting social cohesion and the Respect agenda;
 - using public sector assets (particularly land) more effectively;
 - innovating to improve efficiency; outcomes; leverage; spreading best practice; building capacity in partners and developing skills and knowledge needed to make better places;
 - leveraging in significant increases in private finance from existing lenders and new institutional investors; and
 - driving the adoption of high and rising environmental standards across the whole market.
- 1.7 This paper proposes that Communities England should have a wide range of skills, powers, funding and assets to provide the flexibility needed to transform places and help devise local solutions. It will help local authorities, residents and communities to create local added value, and will develop innovative vehicles to attract private investment to meet the needs of communities.
- 1.8 **Chapter 2** outlines the key findings of the Department’s internal review of housing and regeneration that led to the proposal to create Communities England. It explains how the new body will fit with wider regeneration efforts, the emerging housing reform agenda and the Sub-National Review of Economic Development and Regeneration, being led by HM Treasury as part of the comprehensive spending review. It also describes in more detail the proposed objectives and roles of Communities England and the links with the Cave Review.
- 1.9 **Chapter 3** outlines the delivery roles we propose to assign to Communities England from central Government, and clarifies which roles are proposed for retention by the Department.
- 1.10 **Chapter 4** examines the work already being undertaken to prepare the way for the establishment of Communities England and briefly outlines the portfolio of investment tools that are proposed.
- 1.11 **Chapter 5** sets out Communities England’s focus on supporting local government to deliver its place making role. It explains how Communities England will tailor its interventions to the needs of local areas. This will help deliver high quality housing and embed new and innovative approaches to regenerating strategic sites and improving communities. The chapter seeks views on how Communities England should work with partners, including business, to create vibrant and economically sustainable places.

- 1.12 **Chapter 6** looks at the proposed accountability of the new organisation to ministers and communities, and how it will report its outcomes.
- 1.13 **Chapter 7** makes proposals for the future regulation of social housing, which complements the work of Communities England. Regulation ensures that once built, social housing meets the need of tenants. Professor Cave's review of social housing regulation has proposed a reformed regulatory system for current providers, and the Government strongly supports the focus he proposes on improving service and responsiveness to tenants. The social housing regulator will be responsible for implementing a modernised system of social housing regulation.
- 1.14 **Chapter 8** outlines the next steps required to establish Communities England.
- 1.15 A summary of the questions asked throughout the document is provided at Annex A.
- 1.16 The Partial Regulatory Impact Assessment for Communities England summarises the key findings of the Department's review of housing and regeneration, and the options appraisal carried out for that review including the benefits and costs of the options explored. The Partial Assessment at Annex C describes the costs and benefits of alternative options for the new regulatory system proposed in Chapter 7.

Chapter 2

What is Communities England?

The Government's housing and regeneration objectives

- 2.1 The Government is seeking to create mixed, sustainable and cohesive communities where people want to and can afford to live.
- 2.2 In parallel with tackling the country's most acute housing problems, the Government's housing policy aims to deliver:
 - a step on the housing ladder for new generations of homeowners;
 - quality and choice for those who rent;
 - well-planned, mixed, sustainable communities – building the homes we need in the right places whilst protecting the environment and countryside; and
 - a new national standard for sustainable design and construction of new homes through the Code for Sustainable Homes².
- 2.3 For regeneration, the Government's policy continues to focus on turning places into strong prosperous communities which offer increased economic and social opportunities:
 - stimulating innovation, enterprise and skills;
 - tackling deprivation and disadvantage;
 - delivering public and private sector investment to create and sustain successful, attractive places;
 - making our regeneration strategies more sensitive to local circumstances; and
 - ensuring we have effective local leadership at the most appropriate level.
- 2.4 But it is not enough to build more social housing in mixed communities. Providers should ensure that the existing stock is well managed and maintained and that residents are satisfied and empowered. The system for regulating social housing and its providers needs to be robust. The Government therefore appointed Professor Martin Cave in December 2006 to:
 - carry out an independent review of the fundamentals of the regulatory system for social housing;
 - propose options and a preferred option on the form of regulation that should apply; and
 - recommend what institutional arrangements should apply.

² *Code for Sustainable Homes*, Department for Communities and Local Government, December 2006

2.5 The Cave Review published its report³ in June 2007, having consulted with a wide range of key stakeholders and residents. Chapter 7 outlines the key findings and the Government's response on the issues of how the regulatory system works (except for local authority and ALMO providers where further discussion is being undertaken) and institutional arrangements for the regulator – other issues will be consulted on at a later date.

Success to date

2.6 Since 1997 the Government and its delivery agencies have made substantial progress towards achieving these goals.

- English Partnerships has reclaimed over 6,000 hectares of land and has levered in £5½ billion of private sector investment into regeneration projects;
- between 2006-08, the Housing Corporation is building 33 per cent more homes for only 15 per cent more resources.

2.7 The Government is committed to providing enough high quality, well designed, energy efficient homes across a range of tenures to increase choice. Together with local government, Communities England will be at the forefront of delivering plans for new Eco Towns.

2.8 In June 2006 Ruth Kelly commissioned Professor John Hills to assess the aims and role of social housing, how well we have delivered these aims and what alternative options are available when looking forward. The Review⁴ found that social housing has improved in many areas particularly in terms of stock condition and affordability), and highlights some more recent reforms such as Choice Based Lettings and the homelessness prevention strategy. However there are significant areas of concern (such as polarisation and residualisation of social housing, housing wealth inequalities, high worklessness, low resident satisfaction and mobility) that need to be addressed.

2.9 Professor Hills' four main conclusions are that Government should:

- (i) pay more attention to the existing social housing stock;
- (ii) support mixed-income communities;
- (iii) undertake reforms to help improve the livelihoods and incomes of residents; and
- (iv) consider providing a more 'varied menu' of housing options than a standard social housing tenancy.

2.10 John Hills' findings will help inform Communities England's tasking framework and the way it supports local authorities in creating vibrant, cohesive communities and housing that enables social and economic mobility.

2.11 We will bring forward a response to the Hills' Review following further work which will support the plans for Communities England set out in this consultation.

³ *Every Tenant Matters: a review of social housing regulation*, Professor Martin Cave, June 2004

⁴ *Ends and Means: the future roles of social housing in England*, John Hills (February 2007) is available on the ESRC Research Centre for Analysis of Social Exclusion website at: <http://sticerd.lse.ac.uk/case>

2.12 HM Treasury is leading a review of sub-national economic development and regeneration to inform the Comprehensive Spending Review with support from Communities and Local Government. This review is exploring the opportunities for further releasing the economic potential of the English regions, cities and localities, and more effectively responding to the ongoing challenge of regenerating underperforming and tackling pockets of deprivation. The review will report to ministers ahead of the Comprehensive Spending Review setting out proposals to reform the Government's approach to economic development and regeneration. Decisions on Communities England's role in regeneration will be made in the light of the conclusions of the review.

What is Communities England?

2.13 A key step in modernising the housing and regeneration delivery chain will be the creation of Communities England, the proposed new national housing and regeneration agency. We are proposing that Communities England will assume responsibility for:

- regeneration roles from English Partnerships;
- affordable housing investment from the Housing Corporation; and
- key housing and regeneration roles from Communities and Local Government.

2.14 The Housing Corporation is Government's non-departmental public body (NDPB) that funds new affordable housing and regulates housing associations in England. Arrangements for the future of the regulation functions of the Housing Corporation are outlined in Chapter 7.

2.15 The Commission for New Towns, and the Urban Regeneration Agency are two separate NDPBs which since 1999 have been operating in partnership under the trading name 'English Partnerships'. English Partnerships is the national regeneration agency helping the Government to support high quality sustainable communities in England.

2.16 Delivery roles to be transferred from Communities and Local Government are discussed in more detail in Chapter 3.

Why create Communities England?

2.17 In 2006 Community and Local Government undertook an internal review of housing and regeneration which found strong evidence of the added value that could be created by a single focus for the delivery of national housing and regeneration programmes, compared to the existing structures.

2.18 Across the Housing Corporation, English Partnerships and those Departmental programmes that we propose to transfer to Communities England, around two thirds of current spending is on common objectives – estate regeneration, mixed use regeneration, strategic growth and low cost home ownership. The Partial Regulatory Impact Assessment at Annex B summarises the benefits and costs associated with Communities England.

2.19 The review found that creating a new agency offered the potential to deliver the most significant benefits, by:

- **Being a one-stop delivery partner for local government and other partners:** offering the expertise, capacity and critical mass needed to support local projects; local government building local authority capacity and assisting in unlocking strategic land assets and increasing private sector leverage.
- **More effective forms of investment:** applying a holistic approach to project appraisal resulting in a more efficient use of public resources and powers to achieve the desired outcomes. This approach is particularly important in the delivery of estate regeneration, mixed regeneration and strategic growth sites.
- **Increased private sector leverage:** extending a project based approach to maximise the use and value of public sector assets to lever in private investment and skills and to improve viability and deliverability. This will be supported by clear project leadership and a single organisation for developers and financial institutions to engage with, encouraging private sector investment.
- **More effective marshalling of scarce skills:** by applying the different skill sets of both organisations to a combined set of activities. This particularly applies to section 106 schemes and leveraging public sector land assets.
- **Sharing best practice:** through its expert partner role, regional structure and close relationships with local authorities, Communities England will be able to spread best practice across the country and help build local authority capacity.
- **Economies of scale:** particularly in procurement. The size of Communities England will also increase the incentive for developers to adopt efficient construction, increase the size and pace of their programmes and deliver high quality, more sustainable development. Initiatives such as English Partnerships' Design for Manufacture Competition and Carbon Challenge, and the Corporation's Gold Awards have shown the potential to do this on a much larger scale.
- **Increased negotiating power:** with developers and suppliers. The increased scale and scope of the programme would mean that the agency could secure better procurement deals, reducing costs such as project construction and finance.
- **Increased innovation:** Communities England will pioneer innovative ways of working with markets and their partners in the public, private and voluntary sector to ensure we get even better outcomes from our investment in places.
- **More timely interventions:** harmonising the timing and sequencing of Housing Corporation, Communities and Local Government and English Partnerships activity (eg bidding rounds, corporate plans and programme horizons) would greatly increase their impact, as well as allowing the new body to respond more flexibly to urgent needs.

- **Increased environmental benefits:** Communities England will pioneer the low and zero carbon standards in the new Code for Sustainable Homes. Such developments will improve the economic, social and environmental sustainability of individual communities and will set a standard for the rest of the market to follow.
- **A stronger, more strategic Department:** moving delivery support for Housing Market Renewal, Decent Homes, housing growth and urban regeneration outside Central Government, will sharpen Communities and Local Government's focus on strategic policy.

2.20 The net effect of these improvements will be more thriving communities, more sustainable regeneration, more and better homes, and healthier outcomes for places.

How will Communities England operate?

2.21 As a basis for the work towards the new agency, we outline below the way we currently envisage Communities England operating.

2.22 Communities England will work with partners locally, regionally and nationally to help create and sustain attractive and prosperous places. It will achieve this through the creative use of assets, finance and professional skills, and by accessing the capacity of other sectors with the following objectives:

- To work with local authorities in developing a strong strategic housing and planning role on behalf of their communities.
- To support housing growth by promoting high quality, well designed developments that provide a range of tenures and affordability.
- To increase provision of social rented housing and low cost home ownership.
- To support economic priorities of Regional Development Agencies, local authorities and others, by ensuring that land and infrastructure are made available to facilitate growth and aid recovery and support the delivery of Regional Economic Strategies.
- To support regeneration of underperforming areas, including helping to transform neighbourhoods suffering from concentrated deprivation through excellence in re-design, planning and long term stewardship.
- To increase provision of social rented housing and low cost home ownership.
- To help meet the housing needs of those who are most vulnerable in society, including the homeless, through the provision of high quality supported accommodation.
- To maximise the opportunity for private investment in housing and regeneration through the best use of public investment, powers and assets.
- To bring about a step change in environmental quality and the reduction of carbon emissions.

Chapter 3

Communities England's Roles

- 3.1 Existing roles of English Partnerships and those relating to the Housing Corporation's investment function will move across to Communities England. Below is a description of the roles that will transfer from Communities and Local Government and other changes to roles under consideration.
- 3.2 Communities and Local Government's aim as a department is to build the capacity of communities to shape and protect their own future. We want to:
- see empowered and confident communities, with higher levels of democratic participation and citizen engagement;
 - work together with key stakeholders, to offer more choice and quality in public services;
 - build cohesion;
 - tackle inequalities;
 - face the challenges of climate change;
 - address anti-social behaviour;
 - see all local partners shaping and delivering communities' vision for the future backed by strong and responsive local government.
- 3.3 Our policies seek to ensure that we:
- offer a coherent set of opportunities for local and regional partners to promote innovation, spread best practice, build capacity and skills, and tackle poor performance;
 - secure better value for money through smarter investment, the simplification of delivery chains and high-quality partnering; and
 - maintain our focus as a strategic organisation, concentrating resources at the front line.
- 3.4 To deliver this vision more effectively, we propose that housing and regeneration delivery roles be transferred from Communities and Local Government to Communities England. This will allow Communities England to look holistically at a range of interventions in places and will enable Communities and Local Government to focus on strategy and policy. We propose to transfer from Communities and Local Government delivery roles relating to:
- Social Sector Decent Homes: including Arms Length Management Organisations (ALMOs), Large Scale Voluntary Transfers (LSVT) and Housing Private Finance Initiative (PFI);

- PFI for new supply;
- Housing Market Renewal;
- Housing Growth;
- Capital Investment on Homelessness, Hostels and Specialist Supported Housing;
- National Land-Use Database of Previously Developed Land; and
- Academy for Sustainable Communities.

3.5 In the rest of the chapter we outline in more detail the roles which we propose should transfer to Communities England and those which should remain with Communities and Local Government. We also seek views on how some other activities should be delivered.

Mixed Communities and Decent Homes

3.6 Mixed Communities policy aims to tackle disadvantage and reduce deprivation by adopting long term, transformational and targeted interventions from all sectors, to address weak economies, poor housing and public services. Mixed communities include households from all socio-economic backgrounds and income groups, who live alongside each other in prosperous and cohesive communities. We are currently piloting the Mixed Communities approach.

3.7 Communities and Local Government's aim is for all social housing to be brought to a decent condition. All local authorities have determined their delivery route and have either decided they can deliver decent homes within existing resources or, where extra resources are required, they have opted for one or a combination of the following:

- **ALMOs**
These are companies with residents on the board, set up by local authorities to manage their housing stock and carry out improvements. Homes remain council owned and residents remain secure tenants of the council with their rights unchanged.
- **LSVT**
The transfer of housing stock by a local authority to a Registered Social Landlord is a well established way of securing investment to improve social housing and contribute to wider regeneration.
- **Housing PFI**
Housing PFI contracts offer council and housing association residents the certainty of knowing that their homes will be maintained and services provided for the period of the contract, which is generally 30 years.

3.8 We propose that Communities England takes on a number of delivery roles currently undertaken by Communities and Local Government. These include:

- completing any remaining assessments of proposals for meeting the decent homes standard through stock transfer, ALMOs, or PFI projects;
- managing any new bidding rounds and assessing proposals for transfer and PFI;
- advising ministers which of these proposals should be supported;
- managing the subsequent programmes;
- working with local authorities where they seek to undertake estate transformation to support Mixed Communities programmes, developing capacity, helping maximise the use of assets and supporting the leverage of private sector investment.

3.9 Decent Homes remains an important Government priority, and ministers will continue to set policy in this area. However, we propose that Communities England would inherit existing decent homes delivery commitments. Local authorities would be able to engage with Communities England to consider variations to their original plans using the expertise of Communities England to maximise outcomes from their resources.

1) Do you agree that the Mixed Communities and Decent Homes roles (listed above) should be transferred to Communities England? If not, why not?

PFI for New Supply

3.10 Part of the Housing PFI programme delivers new supply through projects developed by local authorities. We propose that Communities England will also take on this aspect of the PFI programme. It will create synergies with the main programme to support new supply through social housing grant. To manage PFI programmes, Communities England will develop relevant PFI expertise.

Housing Market Renewal

3.11 The Housing Market Renewal (HMR) programme aims to restore sustainable communities to those parts of the North and Midlands where demand for housing has been relatively weak and which have seen significant decline in population, dereliction, poor services and, as a result, poor social and living conditions. Its objective is to renew failing or weak housing markets and reconnect them to regional markets. Nine pathfinders are turning around neighbourhoods to transform them into places that people want to live and work in once again.

3.12 We propose transferring programme management of the Housing Market Renewal programme to Communities England, which would be given the remit to advise and challenge sub-regional strategies, assess funding proposals and advise the Secretary of State on allocation of resources and streamlining delivery arrangements. It is proposed that delivery of those strategies and funding should remain with pathfinders/local authorities (in future through Multi Area Agreements), drawing on support from Communities England. This will allow the delivery arrangements to be streamlined effectively.

2) Do you agree that the Housing Market Renewal roles (listed above) should be transferred to Communities England? If not, why not?

Housing Growth

3.13 It is essential that provision of new homes across the country keeps pace with the increasing number of households.

3.14 One of the measures the Government designed to achieve this was the creation of Growth Areas. There are four Growth Areas:

- Thames Gateway
- Milton Keynes & South Midlands
- London-Stansed-Cambridge-Peterborough
- Ashford.

These areas will see significant change, particularly in housing, education, transport, the environment and public space.

3.15 The success of the Growth Areas programme has led to its expansion with further growth points announced in 2006. The New Growth Points Initiative is designed to provide support to local communities who wish to pursue large scale and sustainable growth, including new housing, through a partnership with Government.

3.16 Combined with London, the four Growth Areas and the New Growth Points have the potential to deliver 300,000 new homes above previously planned levels. We propose that programme delivery of this role will be carried out by Communities England (with the exception of the Thames Gateway). This includes:

- project management/delivery input in a growing number of locations if local authorities request it or where delivery support is needed;
- support to New Growth Points on working up and implementing their bidding/delivery plans;
- programme management, running any bidding process and advising the Secretary of State on allocations of funding to Growth Areas and New Growth Points.

3.17 The Thames Gateway is the largest regeneration project in Europe, with a unique set of challenges and a tailored set of delivery vehicles. These arrangements have only recently been introduced, and are still bedding in. We do not propose to disrupt this process by transferring programme delivery roles in respect of the Thames Gateway, at this stage. However over time there may be a case for reviewing this.

3.18 To increase delivery capability, Communities England will work in close partnership with established local delivery vehicles in the Growth Areas and New Growth Points.

3.19 Communities England will also be instrumental in implementing the new Eco-Towns proposals and other future housing growth initiatives. Such proposals would make the best use of brownfield land and could be built on public sector surplus land, such as former MoD or NHS sites. We believe these new developments could help drive the environmental technologies needed to ensure all new homes are zero carbon within a decade.

3) Do you agree that the Housing Growth roles (listed above) should be transferred to Communities England? If not, why not?

Capital investment on homelessness, hostels and specialist supported housing

3.20 The Government's national strategy for tackling homelessness *Sustainable Communities: settled homes; changing lives* was published in May 2005. It aims to halve the number of households living in insecure temporary accommodation by 2010. The strategy includes the Hostels Capital Improvement Programme which was launched in January 2005 with a specific aim of enabling hostels (primarily for former rough sleepers) to become places where people can change their lives. It also examines options for converting temporary accommodation into settled housing which led to the £30m Settled Homes Initiative grant and other capital investment grants.

3.21 We propose that Communities England should administer the programme, monitor progress, spend and payment of grant for the Hostels Capital Improvement Programme, the Extra Homes Pilot and other homelessness and related capital investment programmes. These will also involve investment in non-housing elements of the programme for example the provision of medical and training roles associated with hostels.

4) Do you agree that the homelessness capital investment delivery role should be transferred to Communities England? If not, why not?

National Land-Use Database of Previously Developed Land (NLUD-PDL)

3.22 Communities and Local Government and English Partnerships currently co-operate to produce the NLUD-PDL. This provides estimates of the extent and location of brownfield land in England, with the data provided by local authorities. This data is important because it provides information on the stock and flow of brownfield land and its suitability for housing and as such can help to identify potential development sites. It will be particularly important as Communities England will be responsible for developing and implementing the National Brownfield Strategy.

3.23 The proposal is that work on NLUD-PDL that is currently carried out within Communities and Local Government should be transferred to Communities England, so that the new body is responsible for the complete production, management and dissemination of the statistics. We will be discussing with English Partnerships whether it makes sense to transfer the work ahead of the creation of the new body, so that the benefits of a single owner of the data can be realised sooner.

5) Do you agree that the NLUD-PDL should be transferred to Communities England? If not, why not?

Academy for Sustainable Communities (ASC)

- 3.24 The ASC was established in 2005 to help influence the delivery of the skills and knowledge needed to make better, more sustainable places. The ASC was a response to the key recommendation of the Egan Review of Skills for Sustainable Communities⁵, which highlighted the need for a national centre to address issues, both of capacity and generic skills, in the professions and bodies involved in delivering more sustainable places. The objective of the ASC is to build capacity and capability around the country in these core sectors by a number of different means. These include providing access to practical information and examples of best practice, developing training, and other programmes of skills and knowledge development. This helps to ensure that there are going to be more people with the right skills, knowledge and behaviours to create and maintain better places.
- 3.25 The ASC is currently funded and staffed as a Communities and Local Government expenditure programme, hosted by Yorkshire Forward. It functions by means of an influencing model, effecting change by working with and through a range of strategic partners.
- 3.26 In setting up Communities England we are considering the scope for it to take on responsibility for the activities and functions of the ASC, maintaining its separate 'brand'. There is a significant body of evidence to show that skills' issues are a major barrier to delivery of housing and regeneration. We, therefore, believe that there would be a good fit between Communities England and the aims, aspirations and functions of the ASC. In addition, bringing in the ASC and its staff would strengthen the expertise available to Communities England in respect of skills and knowledge issues across the broad range of functions involved in the delivery of better places. It would aid in the wider dissemination of the best practice generated by Communities England's housing and regeneration activities across all the sectors and professions involved in sustainable place making.
- 3.27 The alternative approach would be for the ASC to be established as an entirely separate statutory body, with its own constitution, funding and governance arrangements.

6) What are your views on Communities England taking on responsibility for the ASC? Do you see any difficulties in achieving this, and maintaining the identity of the ASC?

7) As an alternative approach, what are your views about establishing the ASC as a separate statutory body?

⁵ *The Egan Review: Skills for Sustainable Communities*, RIBA, April 2004.

Planning functions and institutional arrangements

- 3.28 This section considers the future role of Communities England in relation to planning, and in relation to institutional arrangements for joint working with local authorities to enable the pooling of assets and funds.
- 3.29 Most planning decisions relating to housing and regeneration are taken by local authorities but the Urban Regeneration Agency (URA), Urban Development Corporations (UDCs) and New Towns Development Corporations can all be authorised by order to exercise some planning functions.
- 3.30 English Partnerships, as the URA, is able to exercise planning powers in areas designated by Order under the provisions of the Leasehold Reform, Housing and Urban Development Act 1993. The Order sets out the extent of the planning powers that the URA is able to exercise. The expansion areas of Milton Keynes were designated as an area under the Act in 2004 and the URA became the local planning authority in respect of certain types of development.
- 3.31 UDCs are separate non-departmental public bodies, which are established by order to regenerate Urban Development Areas, under the provisions of the Local Government, Planning and Land Act 1980. They can also be authorised by order to exercise planning powers in relation to the Urban Development Area.
- 3.32 UDCs were established to:
- bring land and buildings into effective use;
 - encourage the development of existing and new industry and commerce;
 - create an attractive environment; and
 - ensure that housing and social facilities are available to encourage people to live and work in the area.
- 3.33 UDCs are funded by central government and consist of their board members, who are appointed after open competition but with guaranteed local authority representation. UDCs can become the local planning authority for the whole or any part of their designated area, for the types of development control set out in the planning order, and work closely with local, regional and national stakeholders to take advantage of their resources, powers and skills where appropriate.
- 3.34 Currently there are three UDCs: West Northants, Thurrock and the London Thames Gateway UDC. The latter two of these are within the Thames Gateway. All three UDCs currently exercise some development control functions.
- 3.35 New Towns Development Corporations are bodies established under the New Towns Act 1981 to develop areas designated for development as new towns. Under the provisions of the Act, they are able to request that the Secretary of State makes a special development order in respect of their proposals to establish a new town.
- 3.36 In setting up Communities England, we are considering whether to amend or rationalise these planning powers.

3.37 We are also considering the scope to develop new joint bodies or committees to allow Communities England and individual local authorities or groups of local authorities to work together more effectively in the exercise of planning functions by holding and managing assets and funds jointly.

8) What do you consider to be the pros and cons of each of the existing models; and is there scope to rationalise them?

9) How can we encourage joint working between local authorities and Communities England, including through institutional arrangements?

10) Are there any problems with the existing powers, which should be changed?

Compulsory Purchase Orders

3.38 Both English Partnerships, as the URA, and the Housing Corporation have compulsory purchase powers. The URA's compulsory purchase powers are currently limited to land which is vacant or unused, or situated in an urban area and which is under-used or ineffectively used, or is (or is likely to become) contaminated, derelict, neglected or unsightly. This is often referred to as the 'brownfield restriction'. Given the wide remit of Communities England and the need to consider places holistically when developing them, we are considering whether to remove the current restriction to brownfield land, in line with the Housing Corporation's existing powers.

11) Do you think the existing compulsory purchase powers outlined above are sufficient for the range of challenges Communities England faces?

The role of Communities and Local Government

3.39 The previous paragraphs have outlined what roles Communities England will take on. There are, however, some aspects of Communities and Local Government's housing and regeneration work that will not be transferred to Communities England. Communities England will not have a policy role. It will support the Department and feed in advice on policy development where appropriate. The Department will continue to allocate resources to the agency. In addition to this there will a number of delivery roles that will not transfer to Communities England:

- The provision of core funds to manage, maintain and improve existing council housing will remain with the Department; this will be the Housing Subsidy System and support capital expenditure through to the completion of the decent homes programme.
- Delivery of private sector Decent Homes – grants and loans for individuals.

- Monitoring, through the Government Offices, the progress in delivering Decent Homes by local authorities who have retained both the ownership and management of their housing stock.
- The Department will continue to scrutinise the business case for new Urban Regeneration Companies (URCs), and if content will recommend that ministers endorse the proposals. The Department's relationship with URCs will not change.
- If ministers accept the recommendations of Martin Cave's review of the regulation of social housing, the role of regulator will not be co-located within Communities England. We outline the Government response to Cave in Chapter 7. We would expect a separate regulator to oversee:
 - registration of new RSLs;
 - consents on disposals;
 - consents on transfers/management arrangements under s27; and
 - tenant support programmes.

12) Do you agree that these roles should remain within the Department? We would welcome your views on whether it would be appropriate for these consents to sit with a regulator rather than ministers

13) Are there any other Communities and Local Government roles that you think should transfer to Communities England?

The role of the Government Offices

- 3.40 Government Offices have a key role in delivering the Government's commitment to developing sustainable communities. Government Offices work to deliver a number of the Department's housing targets in the regions. They use their local knowledge both to work with a range of partners to promote and improve understanding of the Government's housing policy and to influence the development of new housing initiatives.
- 3.41 Other ongoing responsibilities include helping local authorities to develop their housing strategies and business plans, advising Ministers on discretionary allocations to local authorities against the Disabled Facilities Grant programme, and dealing with 'Right to Buy' queries from the public.
- 3.42 We do not envisage Government Offices' core role changing as a result of the proposed introduction of Communities England. However some of their housing-related activity includes delivery of Communities and Local Government functions described above and these will move to Communities England. The informal advice and support currently provided by the Government Offices may move to Communities England in the future.

The Sub-National Review of Economic Development and Regeneration

- 3.43 The ongoing Sub-National Review of Economic Development and Regeneration is considering how to further improve the effectiveness and efficiency of existing sub-national structures in England. The Sub-National Review may make recommendations for reforms to the Government's approach to regeneration which will have implications for future functions to be taken on by Communities England and the balance of regeneration roles between Communities England and Regional Development Agencies.
- 3.44 The Sub-National Review will also set out how the Government will in future support improvement of deprived neighbourhoods, including what role Communities England should play in their transformation.

Chapter 4

Investing for the Future

- 4.1 The Government proposes that the functions that English Partnerships and the Housing Corporation currently carry out should transfer to Communities England. The exception is social housing regulation, which should transfer to a new social housing regulator, as set out in Chapter 7.
- 4.2 Communities England will develop a ‘toolbox’ of support for partners which will range from the provision of advice and capacity building, through the development of partnerships and commercial vehicles, to direct investment and undertaking development in its own right. This will allow it to adopt the investment model best suited to particular local challenges and partners.
- 4.3 The starting point for Communities England’s investment framework will be the needs and aspirations of places, the communities who live and work in them, and the partners it plans to work with.
- 4.4 The nature of Communities England’s investment programme and priorities will be for agreement with ministers. However, we anticipate that the new organisation will focus on the following activities:
- **Affordable housing:** we see the new organisation building on the significant increases in supply achieved by the Housing Corporation in recent years, and seeking to deliver even higher outputs of social housing and homes for low-cost home ownership, working with local authorities, housing associations and private developers to extract the maximum value from its substantial investment in this area.
 - **Estate regeneration:** we envisage Communities England having the powers, the skills and the resources to work with local authorities and the private sector to regenerate some of the most deprived mono-tenure housing estates in the country. This would build on work that is underway through the Decent Homes programme and includes the use of PFI and stock transfers in this context.
 - **Mixed use urban regeneration:** we envisage the new organisation adopting a strategic approach to mixed use regeneration that unites the Housing Corporation’s support for affordable housing in regeneration, English Partnerships’ approach to town centre regeneration and other aspects of the Department’s regeneration initiatives.
 - **Improving the existing stock:** this will unite programmes such as Decent Homes and the Housing Market Renewal pathfinders in a new approach that places stock improvements in their wider community context.
 - **Reclaiming and developing brownfield land:** English Partnerships’ National Brownfield Strategy has shown how derelict and contaminated land can make a major contribution to the creation of new jobs, homes and recreational space.

- **Strengthening existing communities:** this could involve working with local communities, local authorities and the voluntary sector to turn round failing or threatened communities through high quality development, new or improved community facilities and new employment opportunities.
- **Supporting strategic growth:** Communities England could play a role in facilitating the delivery of large scale sites in growth locations.
- **Supporting the provision of affordable housing in rural areas:** Communities England will draw together the housing, investment, land supply, delivery and wider regeneration expertise of English Partnerships, the Housing Corporation and the Department, to create a more strategic and targeted approach to the delivery of housing and regeneration in rural areas.

4.5 **In delivering these activities, we envisage Communities England would seek to:**

- **Promote environmental sustainability:** using its investment programme to promote high levels of environmental sustainability, as well as developing its own exemplar projects.
- **Meet the needs of vulnerable groups:** by seeking to provide high quality supported housing, extra care housing and related facilities, within the context of mixed communities, to promote assistance and to enhance opportunities for vulnerable people.
- **Promote community cohesion:** by considering how its activities impact on different groups in society when developing and implementing programmes, drawing on the latest evidence.

4.6 In developing this programme, Communities England will need to select from a toolbox of interventions. The transition team is working through what this might consist of. Our current thinking is that it might contain the following broad types of support and investment:

- **Support for Low Cost Home Ownership:** Communities England will support the delivery of the Government's low cost home ownership targets, focusing on: (i) Specification of low cost home ownership products; (ii) A simplified delivery chain for funding LCHO; and (iii) A more customer focused point of access for LCHO, building on the Housing Corporation's Homebuy model and English Partnerships' First Time Buyers Initiative (FTBI).
- **Supporting the creation of Local Asset Backed Vehicles:** English Partnerships and the Department commissioned a project in May 2006 to establish a pilot Local Asset Backed Vehicle (LABV), which would reflect a major change in the way in which local authorities approach significant regeneration projects. There is now a portfolio of LABV initiatives currently underway at both the local authority and the City Region level.

- **Supporting local authorities in unlocking developer contributions:** building on the experience of both the Housing Corporation and English Partnerships in supporting local authorities in ensuring that developer contributions unlock housing growth, including through local tariff models such as the one English Partnerships operates successfully with the local authority in Milton Keynes.
- **The provision of advice and guidance:** ranging from the publication of research and best practice to the direct provision of assistance to local authorities and other partners at their request. It will build on the success of the Housing Corporation's Innovation and Good Practice programme and the model of support currently provided by English Partnerships' Advisory Team on Large Applications (ATLAS).
- **Releasing RSL Capacity:** seeking to make best use of the potential latent financial capacity within the RSL sector and identify ways of leveraging that capacity in support of its vision. This will build on the significant research and debate that the Corporation has led over the last 12 months or so as part of its Comprehensive Spending Review preparations – as published in *Unlocking the Door: delivering more affordable homes from the comprehensive spending review 2007*⁶ It will also maximise competition and efficiency through the wider involvement of private sector house builders and developers in the provision of affordable housing in accordance with Government policy.
- **Maximising partnership with local authorities:** working as an expert partner with local authorities to help them set up partnerships which enable local authorities to get more value out of existing assets, lever in private sector resources and support the delivery of new supply as part of their wider strategic housing role.
- **The potential of Local Area Agreements:** Communities England will work with local government to identify how its own funding streams can support local funding streams, including Supporting People. Together they can assist wider housing and regeneration capital investment. It will develop close relationships with other capital funders of supported housing, to maximise joint working and improve leverage to increase the value and impact of the assistance and will create strong relationships with local delivery partners.
- **Facilitating delivery of infrastructure:** to assist housing growth, Communities England could potentially build on the work which English Partnerships has done in Bedford, and working to lever in private investment.
- **Identifying and brokering surplus public sector land:** Communities England will use the sites identified on the Register of Surplus Public Sector Land to deliver its objectives, ensuring that best use is made of this major national asset. It will usually adopt a brokerage role under which it will facilitate a high quality private sector or housing association development providing large numbers of affordable

⁶ *Unlocking the door – Delivering more affordable homes from the comprehensive spending review 2007*, The Housing Corporation, February 2007

family housing. It follows that a significant element of the programme will be delivered through other public sector landowners, as well as Communities England. Sometimes, however, the new organisation will need to acquire the land itself in order to develop it in partnership with the private sector.

- **Supporting community lead initiatives:** building on the English Partnerships' pilot in Slough and the Housing Corporation's pioneering work with Salford University, Communities England will develop approaches enabling communities to take ownership of assets through mechanisms such as Community Land Trusts.

4.7 A Transition Team, made up of senior representatives from each of the three organisations, is working up these different approaches in more detail to model exactly how the toolbox can be put together to meet particular local needs and how best to attract private investment. A key element of this work is to ensure that the investment programme works within the Local Delivery Framework and supports each Regional Housing Strategy and Regional Economic Strategy.

14) We would welcome suggestions and proposals for helping to take forward a successful investment finance model. Are there other approaches to the provision of support and investment that should be added to the proposed toolbox?

Chapter 5

Working with Places

- 5.1 The Local Government White Paper⁷ makes it clear that communities require strategic leadership to help bring together local partners to improve the services citizens receive and the local quality of life. In their place shaping role, local authorities are already under a duty to prepare a Sustainable Community Strategy. This sets out the strategic vision for an area.
- 5.2 The Local Government White Paper also set out plans for strengthening Local Area Agreements (LAA). An LAA is a three year agreement that sets out the priorities for a local area in certain policy fields as agreed between central government and a local area, represented by the local authority and Local Strategic Partnership.
- 5.3 In future, LAAs will be the only place where central government will agree targets with local authorities and their partners on outcomes delivered by local government on its own or in partnership with others. In key strategic locations, the intention is that Communities England will be involved in LAAs as a partner authority. This will mean that it will be bound by the proposed duty to co-operate to determine LAA targets and to have regard to targets that relate to it. This would be in accordance with the provisions of the Local Government and Public Involvement in Health Bill.
- 5.4 Also as part of the White Paper the Government has committed to taking forward Multi-Area Agreements (MAAs). MAAs aim to provide greater flexibility within sub-regions and strengthen cross boundary working between local authorities and their partners. We are examining the role of MAAs through the Sub-National Review of Economic Development and Regeneration.
- 5.5 The Sub-National Review of Economic Development and Regeneration is looking at how best to further release the economic potential of English regions, cities and localities, as well as how to respond more effectively to the ongoing challenge of tackling pockets of deprivation. The review, which will report to Ministers in advance of the Comprehensive Spending Review, may make recommendations that affect how Communities England works with places. At this stage we would envisage Communities England engaging with local partners as outlined below.

15) We would welcome your views on how you feel Communities England could work most effectively with the different organisations and structures that support place-shaping.

- 5.6 We propose that Communities England should be a partner for local authorities, supporting local government to make a reality of its 'place shaping role', and providing a one-stop-shop to help local authorities deliver their strategic housing role. In key strategic locations we would envisage a close relationship, for example as a member of the Local Strategic Partnership, or by forming a joint venture with a particular local authority or group of authorities in sub-regions.

⁷ *Strong and Prosperous Communities: The Local Government White Paper*, Department for Communities and Local Government, October 2006.

- 5.7 Communities England could support authorities and other key local partners to make the best use of existing assets, particularly land, to bring in private sector partners and help transform places.
- 5.8 We would envisage Communities England advising the regional tier and local government on regeneration and housing providing expert support and helping to spread best practice; and helping to inform the prioritisation of housing and regeneration funding programmes to maximise their impact on the ground.
- 5.9 We would expect Communities England to have a national and regional presence, with offices in London and each of the English regions. Communities England will offer strong support to the Thames Gateway Unit in the delivery of its ambitious growth and regeneration programme.

16) We are considering whether Communities England should have a specific presence in the Thames Gateway, in addition to the nine English regions. We would welcome your views on this.

Chapter 6

Accountability

6.1 In addition to its responsibilities to its partners, Communities England will be accountable to ministers and the sponsor department, Communities and Local Government. We envisage that this will be similar to the existing structures of English Partnerships and the Housing Corporation. Below is an outline of how we expect this will work.

Communities England accountability to ministers

6.2 It is proposed that Communities England:

- be a Non-Departmental Public Body;
- have a Chair appointed by the Secretary of State;
- have its first Chief Executive appointed by the Secretary of State. Thereafter it will have a Chief Executive, appointed by the board of Communities England with the consent of the Secretary of State, and who will be accountable for delivery of Communities England functions.
- have powers of delegation to its members, officers, committees and sub-committees;
- have a board responsible for its regulation and running, meeting targets and giving advice to ministers on its objectives;
- after being set up, will publish an annual report and accounts for the Secretary of State who will lay them before Parliament;
- after being set up will publish a three-year corporate plan, signed off by the Secretary of State. This will show how Communities England plans to deliver the objectives set by the Secretary of State;
- agree a Management Statement and Financial Memorandum with the Department, which will set out the relationship between Communities England and the Department, and reporting and monitoring requirements;
- have its proposed staff, pay, grading structure and annual pay remits approved by ministers;
- be able to pay a range of organisations in a similar way to English Partnerships and Housing Corporation.

Sponsorship

- 6.3 Making the new arrangements work will require a mature sponsorship relationship and clear lines of responsibility between Communities England and the Department and its ministers, with clear lines of accountability and a clear connection between policy and delivery. We envisage a relationship where Communities England will be able to influence policy, but where the Department and ministers remain ultimately responsible for strategy and setting high-level delivery priorities.
- 6.4 This will be backed by the normal requirements for Non-Departmental Public Bodies in terms of agreeing with the Secretary of State a management statement, financial memorandum, annual business plan, longer-term corporate plan, budgeting plan and robust performance targets, and will be supported by a small sponsorship team in Communities and Local Government.

Financial accountability

- 6.5 The Department will ensure that Communities England is financially accountable in line with the guidance on public bodies.
- 6.6 As with all public bodies, Communities England will be required to demonstrate that it is conducting its operations as economically, efficiently and effectively as possible. Annual reports and accounts are the main vehicles for discharging this stewardship function and enable Parliament, the taxpayer and customers to judge whether Communities England is securing value-for-money in its operations.
- 6.7 Annual Reports should provide full details of the extent to which financial and other performance targets have been achieved over the past year.
- 6.8 Communities England must have in place sound internal financial risk management and management information systems. This would include management accounting systems to enable it to monitor and control its expenditure against budget. It must produce annual accounts; produce and update its corporate plan; and evaluate progress towards key targets on financial performance, quality of service and efficiency and adjust those targets as necessary. All systems must also ensure that the new agency is making best use of the resources available to it and securing value for money in all areas.
- 6.9 Communities England and the Department will carry out regular assessments designed to monitor performance and ensure that the financial management arrangements reflect best public sector practice and are working effectively.

Resident involvement

- 6.10 The Government is committed to promoting active citizenship and civic engagement at all levels. We recognise the need for a strategic, across-the-board approach to civic engagement, and our goal is to look across all policy areas to ensure that we provide and promote opportunities for individuals to work together to shape public life.

- 6.11 Communities England will have a responsibility to the communities it serves. Community involvement in the design and planning of growth and regeneration projects is essential to their long-term success. Communities England should be committed to promoting resident involvement in general and in the development of housing and regeneration investment plans. It should ensure that the views of local residents have been considered and that appropriate consultation has been carried out either directly or by local partners (for example the local authority, Local Strategic Partnership or developer) through one of the consultative mechanisms available.
- 6.12 A robust complaints procedure is in place to ensure that complaints are effectively dealt with when raised about the conduct of the proposed new organisation. In the first instance, complaints will be made to the Independent Complaints Review. If the complaint is unsatisfactorily resolved, the current system allows complaints under the jurisdiction of the Parliamentary and Health Service Ombudsman who may investigate cases of alleged maladministration. We see no reason to change this.

17) Do you agree with the accountability arrangement of Communities England? Are any further safeguards required?

Chapter 7

Regulation and the Cave Review

- 7.1 Previous chapters have explained the proposed delivery and investment functions which will make up Communities England. However, the Housing Corporation has regulatory functions which will not automatically transfer to Communities England. These include the registration of housing associations, the regulation of their governance arrangements and management of existing housing association stock.
- 7.2 The Government therefore invites views in this consultation on its proposals for the future regulation of social housing providers (owners and managers). These follow recommendations made by Professor Martin Cave in *Putting Tenants First – A review of social housing regulation*⁸, published on 19 June. Annex C of this consultation is a partial Regulatory Impact Assessment of the Government's proposals on regulation as set out in this chapter.

Current regulation system and the Cave Review

- 7.3 The Housing Corporation is currently the statutory regulator of housing associations. On registering with the Housing Corporation, associations become registered social landlords (RSLs); subject to its regulatory guidance and statutory powers. These currently aim to ensure that RSLs remain viable organisations with suitable governance; are capable of fulfilling their objective of providing social rented housing at sub-market rents to those in need; and that standards and conditions are met on the social rented housing they own and manage. The Housing Corporation aims to minimise the regulatory burden on providers, while ensuring that the Government's priorities and needs of tenants are met.
- 7.4 There have been several recent changes in the Housing Corporation's functions. Inspection of RSLs was transferred to the Audit Commission in 2003, providing a common approach to inspection, but also reducing the risk of duplication with the Housing Corporation regulatory role. The Housing Act 2004 introduced the ability of the Housing Corporation to grant fund non registered bodies, such as for-profit developers, for the provision of affordable housing. And the Housing Corporation has recently implemented reforms to deliver a risk-based regulation system to minimise burdens on good performers, following the Elton Review⁹.
- 7.5 Performance of local authority social housing provision either direct or through Arms Length Management Organisations (ALMOs) has a different regulatory regime. ALMOs that receive additional funding are subject to regular inspection from the Audit Commission, whilst local authorities that directly manage their housing are subject to the local authority performance management system under Best Value legislation. This includes a duty to deliver best value, including undertaking reviews, reporting on Best Value Performance Indicators, and being subject to inspection and assessment by the Audit Commission – both through individual housing inspection events and through the Comprehensive Performance Assessment (CPA). The *Local Government White*

⁸ *Putting Tenants First – A review of social housing regulation*, Professor Martin Cave, June 2007

⁹ *The Elton Review of Regulatory and Compliance Requirements for Registered Social Landlords*, Department for Communities & Local Government, April 2006.

*Paper – strong and prosperous communities*¹⁰, published in October 2006, committed to a new performance framework for outcomes secured by local authorities working alone or in partnership. This framework is being developed and implemented within the next two years, as part of the White Paper commitments to rebalancing accountabilities between Government, local authorities and citizens and to reducing unnecessary burdens on deliverers.

7.6 In December 2006, the Government invited Professor Martin Cave, Director of the Centre for Management under Regulation at Warwick University, to head an independent Review of Social Housing Regulation. His remit was to consider options for reform of the regulatory system including fundamental changes, and make recommendations to Government. He was asked to consider regulation in the light of recent policy and institutional change, in particular the Hills Review of Social Housing, which proposed a more flexible social housing domain, and the announcement of the intention to set up Communities England. In developing recommendations, he took account of the views of stakeholders through a Call for Evidence and through ongoing engagement. Stakeholders included RSLs, local authorities (in both strategic and landlord capacities), tenants and Government (including the Housing Corporation and the Audit Commission).

Recommendations of the Cave Review: the regulatory system

7.7 The Review argued that the current system of regulation has drawbacks: inadequate concern for tenant interests, over-regulation of some providers, the unacknowledged implementation of policy through regulation, poor efficiency incentives, and a failure to fully use available capacity to expand the provision of new affordable housing. But the Review concluded that regulation of social housing is necessary because the use of sub-market rents limits tenant choice and gives limited incentives to landlords to provide good management. And additionally, because housing determines local quality of life, and the legacy of past investment needs protection.

7.8 The Review therefore proposed a new system based on the following objectives:

- to ensure continued provision of high quality social housing;
- to empower and protect tenants; and
- to expand the availability of choice of providers at all levels in the provision of social housing.

7.9 And the following two principles:

- to achieve these objectives with a minimum degree of intervention;
- to apply the same approach where possible across all providers of social housing.

7.10 The Review argued that it would be beneficial to have a single regulator and single system of regulation for all social housing providers (both owners and managers), ie RSLs, local authorities, ALMOs and private sector. This would allow clear

¹⁰ *The Local Government White Paper – strong and prosperous communities*, Department for Communities and Local Government, October 2006.

comparison of services and standards of provision across the social housing domain, and similar requirements. It recommends the regulator should control inspection of social landlords, though it may contract for inspections rather than undertaking them directly.

- 7.11 The Review argued that the regulator should be statutorily independent (with a Board of Directors appointed by Government), with the objectives set out in statute and powers to collect information and to take action to enforce decisions. The regulator's running costs, which are not expected to be high, should be paid for by those it regulates.
- 7.12 The Review concluded that the best system of regulation would be to have regulatory powers backing up a system that encouraged improvement by, for example, tenant satisfaction monitoring, provider benchmarking and other co-operative mechanisms. Providers would have to supply a limited amount of information to the regulator and local authorities; the details would be specified by the regulator.
- 7.13 The Government would have a statutory power to make strategic directions to the regulator in two key areas: an overall strategy for rent setting and the standards that should apply to the 'core housing function'. The regulator would follow these directions to set detailed regulatory requirements and would maintain a clear statement of obligations placed on providers. Thus obligations of providers made by the Government would be transparent and reasonable. The regulator would consult providers and others in setting the obligations and would have to inform Government if they were unfeasible – eg if Government required an expensive improvement to all homes for which funding has not been provided or by a date which could not be practicably met.
- 7.14 The Review concluded that the core functions of social landlords, including management and maintenance and a role in anti-social behaviour issues, should be subject to regulation by the regulator. However, non-core functions such as educational and training services are capable of being provided by any organisation (voluntarily or under contract), and so regulating them would not be appropriate. The scope of the core function would initially be set by Government in statute, although details and implementation would be for the regulator. It would be possible to add to the core function at a later point by Government strategic direction (normally without further need for legislation).
- 7.15 The Review recommended that all providers should have a new statutory duty to engage constructively with local authorities in respect of their convening and place-shaping function, eg by local partnerships and agreements, whose terms should be mutually agreed. Local authority requirements should be reasonable, and the obligation would be strongest where a provider had a significant number of homes in an area. If a provider fails to engage constructively, the local authority could ask the regulator to intervene.
- 7.16 The Review recommended that where information provided shows good performance and there are no contra-indications, the regulator should not intervene. Contra-indications would include whistle-blowing and input from key stakeholders, including tenants, local authorities (in their strategic function), lenders, and the ombudsman. These parties could trigger an intervention by the regulator by providing evidence of problems in service quality and efficiency, viability and probity, and engagement with

the local authority. The regulator would investigate and where necessary apply its intervention and enforcement powers.

- 7.17 The regulator's statutory intervention powers would be wider than those currently held by the Housing Corporation. They would include new intermediate powers such as enforcement notices and administrative penalties. For example, as at present, the Housing Corporation as regulator may require information or a targeted inspection, but under the proposed system if unsatisfied, could issue a notice requiring improvement by a certain date. Continued failure to improve could lead to administrative penalties, restrictions on rent increases, appointing new board members or in extremis a formal inquiry leading to a forced change of management or ownership, or winding up the organisation. Forced changes would be competitive and tenants would be engaged. Certain interventions may be inappropriate for some providers, ie in the cases of a local authority or for-profit organisation appointing new board members.
- 7.18 The Review suggested that tenants should have information allowing them to judge their provider's performance and (collectively, or through a local authority) be able to trigger investigation and intervention against a poor provider, if their complaint were representative and based on solid evidence.
- 7.19 The Review advocated greater diversity of providers. RSLs and unregistered bodies (including for-profit organisations and local authorities that have set-up special purpose vehicles/ALMOs) would, as at present, be able to develop using social housing grant, but in addition there could be a range of arrangements for management. For example an RSL could contract with an ALMO for the latter to undertake management. And an organisation could register as a manager, independently of being an owner or a developer. This would be formalised under regulation and enable regulatory action where appropriate against a registered manager. The key other difference from now is that a for-profit body could register with the regulator and receive grant with control being achieved by regulation rather than the contract arrangements that currently apply to for profits.
- 7.20 The Review suggested that the regulator should continue to control or have a supervisory role in respect of disposals of stock by providers, but that the processes relating to disposals should be streamlined to allow providers more easily to manage their stock, as advocated in John Hills' report, so as to help deliver mixed communities.

Recommendations of the Cave Review: institutional arrangements

- 7.21 The Review also made recommendations concerning the identity of the regulator, whose status, role and powers are described above. It emphasised that the role of the regulator would not be the same as that currently carried out by the Housing Corporation, even if it remained co-located with the investment function. It rejected the concept of making local authorities the key or joint regulator for their area (instead or as well as a national regulator), which could cause confusion, increased regulation, 'forum shopping' (in which there were a multiplicity of routes for complaints and hence a risk of double jeopardy for providers) and regulatory uncertainty. It considered three options:

- making Communities England the regulator;
- making the Audit Commission the regulator; or
- creating a separate social housing regulator.

7.22 The Review is clear that the option (i), making Communities England the regulator as well as the investment body, is not viable, as there is a danger that regulation would take second place and be driven by investment decisions rather than a focus on tenants. The Review was also clear that option (ii), the Audit Commission, was viable, but its preference was for option (iii), a new separate regulator.

7.23 The case for option (ii) was that the Audit Commission had a strong consumer oriented focus, that it already manages inspection across the social housing domain which has had a positive impact on the quality of housing services and is closely related to regulation, and that co-location would ensure close links with their other work in particular on Comprehensive Area Assessments. Placing the regulator within an existing body might also speed up the process of transition.

7.24 The case for option (iii) was that a separate regulator would have a clear focus on the new regulatory system and a culture and values most appropriate to the social housing domain, and was likely to be seen as genuinely independent, whereas existing bodies would be seen as having other priorities. The Review also argued that the Audit Commission was experienced as an auditor and inspector of public bodies rather than a regulator of private and voluntary sector bodies. It argued that having a specific and detailed regulatory role for social housing landlords could cut across or conflict with its new role in assessing the strategic outcomes of Comprehensive Area Assessments across a wide range of local public services. It also mentioned that some stakeholders had said the standards used by the Audit Commission were too detailed and inhibited flexibility and innovation.

The Government response to the Cave Review

7.25 The Government welcomes the Cave Review on the future regulation of social housing. It strongly supports the focus on tenant empowerment and in improving services and responsiveness to them. It recognises the strong case made by Professor Cave for regulation of social housing provision to this end and wishes to implement a regime to achieve this.

7.26 The Government therefore proposes to take forward immediately the following recommendations of the Review:

- a social housing regulator should be established in statute to be independent from Government. It should have statutory objectives, including promoting empowerment of and exercise of choice by tenants, improving standards of housing; promoting the availability of social housing where it is needed and it would be required to use its powers in a proportionate manner;
- the Government will set out in statute the initial scope of the core housing functions which would be the subject of regulation. These would include housing management and maintenance and may additionally contain broader activities such as estate management for appropriate providers, but would not extend to

wider functions (such as employment training). These latter activities should not be inhibited by the regulator;

- the detail of the standards to be required in performing the core housing functions as well as the maximum rent levels to be charged would be for the regulator to establish. In this way rent increases would be controlled explicitly by regulation;
- the Secretary of State would have the power to direct the regulator on the standards and in regard to the setting of rent levels, but on no other functions;
- all providers should have a statutory duty to engage constructively with the place-shaping role of local authorities;
- to undertake its activities, the regulator will have a power to require information from landlords and this should also be provided to local authorities and tenants, so that they can form a view on the quality of service they receive. The regulator will publish high-level performance data by different providers in a way that enables local comparison;
- the regulator will have the full range of intervention powers Professor Cave sets out, though their application to different providers may need to vary. In addition to requiring information and inspections (as at present) the regulator could require specific action to improve performance and could limit rent increases and impose other penalties if performance merited it. For a provider whose performance met the required standard and for whom there were no substantial complaints, there should be no need for regulatory intervention. The power to appoint new board members would continue and as an alternative to transfer of assets, it would be possible to require transfer of management, in both cases to address performance failures;
- all disposals of stock would, as now, require the direct consent of the regulator, but this should be streamlined so that a broad programme of disposals and reinvestment could be agreed in advance;
- the regulator in carrying out its functions would be specifically required to consider information provided by stakeholders (local authorities, tenants acting collectively, lenders, the ombudsman) bearing on providers' performance in relation to the requirements placed upon them. In this way complaints could trigger consideration by the regulator of the need for regulatory intervention;
- owners and managers could separately register and regulatory action could be taken against either, as considered appropriate by the regulator;
- the requirement for registered landlords to be not-for-profit should be dropped. Existing for-profit providers should continue and not be able to alter their status. New for-profit providers (subject to full regulation as to standards for tenants, rents and remedies) should be able to register. This will provide an alternative route to the current regulation under contract that applies to for-profit providers; and
- the Government has concluded that the separate arrangements for Ombudsmen that apply in the RSL and in the local authority sectors should continue. It will

work with both Ombudsmen to facilitate more streamlined working on cases that involve housing and other services; and

- the Government intends to explore with the Ombudsmen and other interested parties whether the separate arrangements for Ombudsmen that apply in the RSL and in the local authority sectors should continue, or whether they should be combined under a single housing ombudsman for social housing (as recommended by the Cave Review). It would also welcome views generally on this issue.

Regulation of different providers

7.27 The Cave Review recommends that the regulator's responsibilities should cover all social housing providers – RSLs, local authorities, ALMOs and private sector. It recommends the application of common principles, where practicable, across the whole social housing domain.

7.28 The Government is clear that tenants should be able to expect the same minimum standards of service and have similar opportunities for empowerment, to influence delivery and to seek redress regardless of their social housing provider. However, it recognises that the funding, governance and accountability arrangements vary significantly between providers. The Government is also mindful of its commitments in the Local Government White Paper to implement a new, single performance framework for outcomes secured by local authorities working alone or in partnership.

7.29 Therefore, the Government immediately accepts the case for the new regulatory regime to apply to RSLs and for-profit providers. It also sees the attractions of bringing local authority owned housing under the same regulatory regime, but wants to explore in more detail the fit with the Local Government White Paper, to which it remains strongly committed. We are therefore inviting views and will be engaging with local authority representatives during the consultation period to explore the detailed implications before reaching a definite view about how local authority and ALMO performance should be regulated.

Location of a new regulator

7.30 The Government also agrees with the report's recommendation that there should be a separation of investment and regulatory functions, so that Communities England should not take on housing regulation.

- Locating the regulatory functions in the Audit Commission would build on its existing strengths and consumer focus. It could be implemented quickly, and it should be possible to develop governance arrangements which enabled it to be focussed and independent while still being located within the Commission. It would also help minimise the number of inspectors or regulators, as is Government policy following the Hampton Review.
- Establishing a stand alone housing regulator would avoid having housing regulation led from an organisation primarily focused on the public sector. As such, it may be better at commanding the confidence of those who provide private finance. Building on the Housing Corporation's regulatory functions would be a quick way of establishing a stand alone regulator and would enable the smooth transition from the existing regulatory functions, which would need to continue to be in place until the new system was up and running.

7.31 The Government has not yet decided which option it favours and therefore wishes to undertake further work and in particular hear the views of affected stakeholders. It is therefore inviting views on the two above options and, in deciding on the appropriate location, government will wish to consider the efficiency, effectiveness and value for money of the institutional arrangements. It will also wish to take into account overall Government policy on regulation in the light of the Hampton report and the programme to reduce the number of public sector inspectorates. During the transition process itself, ensuring continuing protection for tenants and minimising risk will be key.

The links between investment and regulation

7.32 There are substantial areas of overlap between investment and regulation and it is critical to maintain close links between them in these areas. Therefore the Government proposes that there should be provision for Communities England grant to be withheld from those registered bodies which are the subject of high levels of regulatory concerns meriting intervention by the Regulator and that Communities England should be a consultee of the regulator in establishing the standards to be applied and the broader aspects of policy relating to his regulatory functions.

Questions for consultation

We would like your views on the Government's proposals outlined in paragraphs 7.25-7.32 above. You may find the following key questions useful in responding:

18) Do you agree with the regulator's proposed status and functions as set out above in (including independence, the scope of Government directions on rents and standards, and its objectives)?

19) Do you agree that only core housing functions should be regulated?

20) Do you agree that all providers should have a duty to engage constructively with local authorities in their place-shaping function?

21) Do you agree with our proposals for the regulator's intervention and enforcement powers, including the level of information provision, the role of tenants, local authorities and others in triggering action, and the increased range of intermediate intervention powers?

22) Do you agree that the regulator's consent to disposals of RSL stock should continue to be required?

23) How should local authority owned social housing be regulated?

24) What are your views about combining the Ombudsman services for tenants of RSLs and local authorities under a single ombudsman?

25) What are your views about the location of the regulator of social housing?

Chapter 8

Next Steps

- 8.1 This consultation continues the discussion about Communities England started in January. We look forward to continuing the dialogue as we take forward our proposals.
- 8.1. We are committed to getting Communities England up and running as quickly as possible. Subject to legislation, we propose that Communities England should be fully operational by April 2009.
- 8.2 A Transition Team has been set up under the leadership of Baroness Ford and includes senior staff of English Partnerships, the Housing Corporation and Communities and Local Government. The Transition Team will work alongside the Department to ensure a smooth set up.
- 8.3 A series of stakeholder consultation events about the plans for Communities England will take place shortly after the publication of this consultation document. Events will be held in each of the English regions, plus the Thames Gateway. These events will form an important part of the continuing process of stakeholder consultation leading up to the creation of the new organisation.
- 8.4 We are working to identify a Chief Executive at the earliest opportunity. Once appointed, the Chief Executive will work closely with Communities and Local Government and the Transition Team to continue work towards creating Communities England.
- 8.5 We will press ahead to implement the future regulation system for social housing at the earliest opportunity. This will include transition work with the Housing Corporation and others to ensure institutional staffing and funding issues can be determined as soon as possible. We propose that the regulatory function will continue to be managed by the Housing Corporation until replacement institutions and logistical arrangements are in place. Where possible we will coordinate this with the Communities England timetable.

Chapter 9

Responses to Consultation

Please send your response no later than **10 September 2007** to:

**Communities England Team
Communities and Local Government
2/J4 Eland House
Bressenden Place
London SW1E 5DU**

E-mail responses are welcome. If you are replying by e-mail please include the words 'consultation response' in the subject or title. These and any enquiries should be sent to:

communities.england@communities.gsi.gov.uk

Telephone number for enquiries is: **020 7944 8163**

Representative groups are asked to include a summary of the people and organisations they represent in their reply.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

If you wish the information you provide to be treated as confidential, please be aware that, under the Freedom of Information Act, there is a statutory Code of Practice which public authorities must comply with. It would be helpful therefore if you tell us why you regard the information you have provided as confidential.

If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances.

An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on Communities and Local Government.

Communities and Local Government will process your personal data in accordance with the Data Protection Act. In the majority of circumstances your personal data will not be disclosed to third parties.

This consultation conforms to the criteria set out in the Government's Code of Practice on Written Consultation, see Annex D. A list of key organisations being consulted is at Annex E.

Annex A

Questions

This consultation invites your views on the new body and the roles it will take on through a series of questions. Questions (12) to (19) and (26) apply to regulation. In particular we welcome your views on the following questions:

- 1) Do you agree that the Mixed Communities and Decent Homes roles (listed in Chapter 3) should be transferred to Communities England? If not, why not?
- 2) Do you agree that the Housing Market Renewal roles (listed Chapter 3) should be transferred to Communities England? If not, why not?
- 3) Do you agree that the Housing Growth roles (listed Chapter 3) should be transferred to Communities England? If not, why not?
- 4) Do you agree that the homelessness capital investment delivery role (listed Chapter 3) should be transferred to Communities England? If not, why not?
- 5) Do you agree that the National Land-Use Database of Previously Developed Land (outlined above) should be transferred to Communities England? If not, why not?
- 6) What are your views on Communities England taking on responsibility for the Academy of Sustainable Communities (ASC)? Do you see any difficulties in achieving this, and maintaining the identity of the ASC?
- 7) As an alternative approach, what are your views about establishing the ASC as a separate statutory body?
- 8) What do you consider to be the pros and cons of each of the existing models (outlined in Chapter 3); and is there scope to rationalise them?
- 9) How can we encourage joint working between local authorities and Communities England, including through institutional arrangements?
- 10) Are there any problems with the existing powers (outlined in Chapter 3), which should be changed?
- 11) Do you think the existing compulsory purchase powers outlined above are sufficient for the range of challenges Communities England faces?
- 12) Do you agree that these roles should remain within the Department? We would welcome your views on whether it would be appropriate for these consents to sit with a regulator rather than ministers.
- 13) Are there any other Communities and Local Government roles that you think should transfer to Communities England?
- 14) We would welcome suggestions and proposals for helping to take forward a successful investment finance model. Are there other approaches to the provision of support and investment that should be added to the proposed toolbox?

- 15) We would welcome your views on how you feel Communities England could work most effectively with the different organisations and structures that support place-shaping.
- 16) We are considering whether Communities England should have a specific presence in the Thames Gateway, in addition to the nine English regions. We would welcome your views on this.
- 17) Do you agree with the accountability arrangement of Communities England? Are any further safeguards required?
- 18) Do you agree with the regulator's proposed status and functions as set out above in (including independence, the scope of Government directions on rents and standards, and its objectives)?
- 19) Do you agree that only core housing functions should be regulated?
- 20) Do you agree that all providers should have a duty to engage constructively with local authorities in their place-shaping function?
- 21) Do you agree with our proposals for the regulator's intervention and enforcement powers, including the level of information provision, the role of tenants, local authorities and others in triggering action, and the increased range of intermediate intervention powers?
- 22) Do you agree that the regulator's consent to disposals of RSL stock should continue to be required?
- 23) How should local authority owned social housing be regulated?
- 24) What are your views about combining the Ombudsman services for tenants of RSLs and local authorities under a single ombudsman?
- 25) What are your views about the location of the regulator of social housing?
- 26) Do you have any other comments about the proposals, including any practical implications you think it might have? For example, how can we best ensure we minimise bureaucracy?
- 27) Views are also invited on the Partial Regulatory Impact Assessment provided at Annex B on Communities England.
- 28) Views are also invited on the Partial Regulatory Impact Assessment provided at Annex C on the future regulation of social housing.

Annex B

Partial Regulatory Impact Assessment of Communities England

Title of proposal

Communities England – a new housing and regeneration agency.

Purpose and intended effect of measure

Objective

To build a modern and streamlined delivery chain for housing and regeneration that makes the best use of private investment, public subsidy, land, assets and skills.

Background

The Housing Corporation (HC) is the Non-Departmental Public Body that funds new affordable housing and regulates housing associations in England. English Partnerships (EP) is the national regeneration agency, helping the Government to support high quality sustainable growth in England. Communities and Local Government is also directly responsible for a range of housing and regeneration roles.

Since 1997 the Government and its delivery agencies have made real progress. But, it is important to build on these successes in order to meet the high expectations that communities rightly have.

A modern and streamlined delivery chain is required, that makes the best use of private investment, public subsidy, land, assets and skills, so we can deliver even more houses and mixed communities.

The review undertaken for Ministers found strong evidence of potential overlaps, where combined funding should reduce fragmentation and co-ordination failures. Across the Housing Corporation, English Partnerships and those Departmental programmes that we plan to transfer to Communities England, around two thirds of current spending is on common objectives – estate regeneration, mixed use regeneration, strategic growth and low cost home ownership.

Rationale for Government intervention

The rationale for Government intervention in housing and regeneration is well established.

The rationale for reviewing the Government's housing and regeneration delivery chain now is the ambition to deliver a step change in housing provision, mixed sustainable communities, and social mobility:

- 200,000 net additional homes each year across all tenures by 2016, representing a 33 per cent further increase on recent rates. Latest housing projections show households growth of 209,000 a year;

- helping over 100,000 people into home ownership by 2010;
- looking at how social housing can help to create mixed communities of different incomes and types of housing – with decisions on investment in improving social housing taken alongside decisions on the other investment necessary to deliver sustainable mixed communities;
- a radical, devolutionary Local Government White Paper, and at all levels of governance, a switch to ‘presumed autonomy’ – empowering others, not taking power at the centre;
- a long-term ambition to move towards low carbon and then carbon-neutral development.

Consultation

Within government

The Department’s economic modelling was subject to rigorous scrutiny by HM Treasury and have outlined our plans for action with colleagues across Government.

Public consultation

Stakeholders were invited to submit views to the Department’s review of housing and regeneration. The responses, from a range of organisations and individuals, fed into the review and helped us focus our attention on specific issues (such as how the new agency would work with local and regional partners).

An external Sounding Board with representatives from the RSL sector, developers, lenders, house builders and local authority staff was set-up during the review to feed into and examine the work of the review.

This document forms the basis of our public consultation.

Options

HC and EP both recognise the scale of the challenge contained in the Government’s response to the Barker Review of Housing Supply¹¹, and that together with the need to provide more effective targeted support to local authorities, there is a need to reform the way housing and regeneration objectives are delivered.

On this basis it is not feasible that EP and HC would do nothing to meet these new challenges. The Department’s review of housing and regeneration concluded that a modernisation of the existing structures should be the base case. This has been included in this assessment as an additional option to ‘Do nothing’ and ‘Create Communities England’.

¹¹ *Barker Review of Land Use Planning: Final Report – Recommendations*, Department for Communities and Local Government, December 2006.

Option 1 – Do nothing

To do nothing would risk losing momentum on the considerable successes the Department and both organisations have made in areas of Housing and Regeneration.

If the organisations did not continue to improve they would over time become considerably less successful in delivering the outcomes that are required.

Option 2 – Modernisation of existing structures

EP and HC are already successful organisations that meet their Public Service Agreement (PSA) targets. Both recognise the need for further modernisation:

- Over the last five years, English Partnerships has undergone a very significant transformation, with increased innovation and the development of more strategic and market-based approaches to investment. EP has pioneered more efficient ways of utilising public sector land assets and ‘tipping’ projects into private sector viability, eg where previous attempts to unlock the project had taken some years.
- Over the last two years, following key changes to its Board, top management and regional leadership team, the Housing Corporation has started to move away from the old culture of purely grant based funding and delivered significant improvements in efficiency. The programme for 2006/08 will deliver 33 per cent more homes with only 15 per cent more resource than 2004/06. The introduction of grants to non-RSLs has increased competition and has started to push down grant rates for social housing. On the basis of the plans set out in the HC’s September 2006 publication *Future Investment Approaches – discussion paper* we have already offered to maintain unit costs for social housing at flat cash. It is essential we get the best value for money from subsidy to social housing to help deliver a step change in housing provision.

While modernisation of EP and HC is welcome, and some important gains could be made by amending the tasking frameworks of the two agencies, the Review found that many important improvements could not practically be delivered through separate bodies. While previous attempts to work more collaboratively (cross-membership of Boards, previous joint ventures) have delivered benefits, there is scope for further gains. Most notably, the separation of roles leads to:

- difficulty exploiting strategic synergies between land, housing and planning;
- difficulty in effectively marshalling scarce skills and expertise, which are spread too thinly across EP, HC and Communities and Local Government;
- less value for money. EP and the HC are remitted to view projects from a partial perspective, and contribute funding at different points in the project cycle. EP, HC and Communities and Local Government are each remitted to focus on a discrete set of outputs, rather than the overall outcome/transforming a place. This reduces both the effectiveness of interventions and the scope to develop market-led solutions;
- EP and the HC have some conflicting objectives, most notably, EP is tasked with promoting land value uplift, while HC needs access to the lowest cost land for housing.

Option 3 – Communities England

Over time, the evolution of Communities and Local Government's programmes and the addition of new initiatives have resulted in fragmentation, reducing the scope for effective co-ordination of investment and achieving best value for money. Typically, investment in a locality or project involves several housing and regeneration funding sources (from Communities and Local Government sources directly as well as through EP and HC). Key players come to projects at different points in time, they face different assessment criteria for decisions over funding, and no-one is responsible for offering local government rounded advice on the opportunities to improve a 'place', or to assess what is the minimum public intervention needed to 'tip' a project into private sector viability.

In considering the case for a new agency, the review has drawn on the common themes that emerged from the first four Departmental Capability Reviews, notably: the need for shorter, clearer delivery chains, with central headquarters focusing on high-level strategy and policy setting. The review has also benefited from studying the approaches taken by other departments, for example, the Financial Services Authority model used by the Treasury to separate public policy making from day-to-day administration, and the Home Office's decision to separate-off the Immigration and Nationality Directorate as a new executive agency.

The review found that creating a new agency offered the potential to deliver the most significant benefits, by:

- Providing a strong one-stop delivery partner for local government:
 - building local authority capacity and skills, for example, offering expert support in planning negotiations, including planning obligations;
 - helping local authorities to assess and unlock their strategic land portfolios;
 - providing a staircase of support, depending on the needs of a local authority (ranging from advice or master planning, to being a partner in a project, through to undertaking direct delivery on behalf of a local authority, if requested);
 - supporting and enabling sub-regional working aligned to housing / employment markets (especially in Growth and Pathfinder Areas).
- Improving value for money:
 - reducing complexity and fragmentation that leads to confusion, increased transaction costs and project delays. The greater the agency's discretion to move money (subject of course to meeting its outcome targets and financial controls), the greater will be its ability to exploit potential synergies and deliver increased gains;
 - better aligning existing objectives and funding (currently spread through HC, EP and the Department) to allow rounded approaches to a 'place', to better address market failures and to maximise the impact of investment;
 - capturing part of the value of uplift from public investment to recycle for future investment.

- moving from a position where we fund social housing directly to a more market sensitive approach that asks what investment is needed to open up a site, increasing private sector leverage and driving down costs;
- increased procurement efficiencies associated with better economies of scale and the agency’s negotiating power as an important regional operator.
- Improving the sustainability of interventions. By taking a holistic approach and emphasising the importance of understanding the underlying problem in an area, the agency will deliver solutions that last. Otherwise, we risk projects requiring reinvestment sooner, leading to lower value for money and fewer lasting benefits for the community.
- Devolving delivery and administrative roles. This would also help to build a new strategic and policy focused Department. Devolving core Departmental delivery roles to the agency would free Ministers to focus on setting the strategic framework, and ensure that where they do need to become involved in detailed decisions, advice is delivery focused and grounded in a fuller understanding of regional and local priorities.
- The new agency would have a more coherent regional presence than under the current arrangements, because it would combine the existing EP and HC regional presence, giving coverage in all the Government Office regions and with an enhanced critical mass. It would be tasked with supporting the Regional Assemblies and RDAs, by helping to develop and deliver more integrated and aligned strategies for economic development, land and housing. The new agency would help to marshal resources to deliver regional priorities, for example, by helping to unlock strategic sites, be they infrastructure or housing growth areas.

Alternative options considered

The review considered a range of options in addition to the three outlined above. These included:

- modernisation of the Housing Corporation and English Partnerships, with devolution of Departmental roles to either the Housing Corporation or English Partnerships;
- modernisation, limited devolution of Departmental roles, and the establishment of a Joint Venture;
- a simple merger of English Partnerships and the Housing Corporation.

Costs and benefits

Sectors and groups affected

Communities England will have an impact across the housing and regeneration sector. The most direct impact will be on those organisations that deliver social housing and regeneration: Local Authorities, Registered Social Landlords, Arms-Length Management Organisation, developers, housebuilders and suppliers.

Race Equality Assessment

We have considered whether Communities England will have any impact on racial equality in line with Government guidance. We are of the opinion that Communities England will have a positive impact on Black and Minority Ethnic (BME) groups.

Communities England will seek to promote community cohesion, breaking down the physical and social barriers between groups, by creating better physical connections, more choice of high quality homes, better community facilities and more economic opportunities.

Government recognises that BME groups in some areas of the country are disproportionately more likely to live in poor quality or overcrowded housing conditions. Communities England will, therefore, prioritise the provision of larger family accommodation in these locations.

The Office of National Statistics reported that in 2001, Black African and Bangladeshi households were most likely to be living in rented social housing. Given that we expect Communities England to improve the Government's delivery of social housing, the increased number and quality of social housing will have a greater positive impact on those groups which are more likely to live in social housing.

Health Impact Assessment

There is evidence that suggests the quality of housing can have an impact on the health of residents. Good quality housing is important in bringing health benefits to residents in deprived areas, and reducing health inequalities. Communities England will build and refurbish houses to the Decent Homes standard and promote social integration to ensure positive health and mental health benefits.

Rural considerations

We have considered whether Communities England will have any rural impacts. We are of the opinion that the new agency will not have any negative effects on rural businesses or the communities associated with them. In fact Communities England will, where appropriate, take forward the relevant recommendations of the Affordable Rural Housing Commission, in particular new ways of increasing land supply for affordable rural homes.

Option 1 – Do nothing

Economic

There are no economic benefits from option one. The economic costs are that the government would not be able to meet housing and regeneration targets.

Environmental

There are no specific environmental costs or benefits from Option 1.

Social

We do not consider there to be any social benefits from Option 1.

However, being unable to deliver the Government's new housing and regeneration agenda would have serious social consequences for a lot of people across England.

Option 2 – Modernisation of existing structures

Economic

There are limited economic benefits from Option 2.

Whilst there would be some economic benefits from modernising the two organisations, too many aspects of the current delivery arrangements lead to under exploitation of market opportunities and publicly funded assets; co-ordination failures and frictional costs; and raised land costs due to competition within the public sector. As a result, there is recognition that over the longer term the status quo would not deliver the Government's increasing ambitions for housing and regeneration objectives in the most economically beneficial manner.

Environmental

There are no specific environmental costs or benefits from Option 2.

Social

We do not consider there to be any social benefits from Option 2.

However, being unable to deliver the Government's new housing and regeneration agenda would have serious social consequences.

Option 3 – Communities England

Economic benefits

The Department's economic modelling, suggests that moving to a new agency creates a potential net present value of over £1billion to 2013/14 compared to modernisation of existing structures, based on recovery and recycling of efficiency savings throughout the period. This is equivalent to over 22,000 new homes to 2015/16 (recognising the time lag between investment and completion).

It is important also to note that the model does not take account of a whole host of benefits, that we have not attempted to quantify, including:

- capacity building in local government in support of the Local Government White Paper;
- a one-stop shop for private sector developers (including RSLs), to generate supply chain efficiencies and increased leverage of private investment;

- greater innovation; and
- a more streamlined, strategic central Department.

Economic costs

The Department's modelling of the potential operating costs for the new agency has been undertaken, based on: an examination of the existing cost base of HC and EP; an identification of spare accommodation within the two organisations; an assessment of the potential range of staff numbers currently engaged in Departmental delivery; and a consideration of the scope for 'back office' savings. The work found that the upfront costs for establishing the new agency are around £23m, but identified savings of £3m per year (across the combined budgets) in running costs, primarily through back office efficiencies which would come on stream from 2010/11.

Environmental benefits

Communities England will use its enhanced purchasing power to demand exacting standards from developers (including through the Code for Sustainable Homes) and influence the demand for environmentally friendly products and low carbon technologies.

Environmental costs

We do not consider there to be any environmental costs from this proposal.

Social benefits

The rationale for Government intervention in housing and regeneration is well established. The Department's review of housing and regeneration did not set out to review the Government's strategy and policies. Rather it aimed to review the delivery chain for realising existing Government objectives, and to ensure that the delivery chain would be robust enough to deliver future policies, recognising that these are likely to evolve.

The review focused on the physical fabric of communities, rather than the support provided directly to individuals. Such interventions can have profound effects on individual well-being and life chances, particularly if provided as part of a wider package of economic and social measures.

Nevertheless, there will be clear social benefits to creating Communities England:

- promoting mixed communities and estate transformation;
- increasing Low Cost Home Ownership;
- sustaining strong and stable existing communities (key elements of this include mix of income, tenure and housing type; social cohesion; and the respect agenda);
- using economic and physical development to promote mixed use regeneration of urban centres and neighbourhoods; and
- affordability.

Social costs

We do not consider there to be any social costs from this proposal.

Small firms' impact analysis

The new organisation is remitted to deliver additional numbers of social housing units, which are run by social landlords as not-for-profit businesses. Therefore we believe the proposals should not affect small firms.

Competition assessment

We do not believe that Communities England will have any impact on competition.

Enforcement, sanctions and monitoring

The normal requirements for Non-Departmental Public Bodies will include that Communities England will agree a management statement and financial memorandum with the Department, and produce both annual business plans and three-year corporate plans to be signed off by the Secretary of State.

Communities England will publish an Annual Report and accounts each year, which will be sent to the Secretary of State who will then lay them before Parliament. Accounts will be kept in a form directed by the Secretary of State, and certified by the Comptroller and Auditor General.

Annex C

Partial Regulatory Impact Assessment of Review of Social Housing Regulation

Title of proposal

A new regulatory system for social housing – Government proposals in response to the independent Cave review.

Purpose and intended effect of measure

Objective

To improve the regulation of social housing (social rented and low cost home ownership) in England, focusing on empowering and protecting tenants, ensuring continued provision of high quality social housing, and expanding the availability of choice between suppliers. The intention is to reduce the level of unnecessary regulation and bureaucracy.

It is proposed that the investment functions of the Housing Corporation move to Communities England, so separate arrangements need to be made for social housing regulation. The regulator would have new objectives, powers, and independence from Government to operate this new system.

The new system would cover registered social landlords (RSLs) and any currently non-registered bodies who apply voluntarily for registration. The Government is seeking views on how local authority and ALMO social housing should be regulated.

Background

The Housing Corporation, a Non-Departmental Public Body responsible to the Secretary of State for Communities and Local Government, is currently the statutory regulator of housing associations, who, on registration as registered social landlords (RSLs), become subject to its guidance and statutory powers. These currently are, inter alia, to ensure RSLs remain viable organisations with suitable governance, are capable of fulfilling their objective of providing social rented housing at sub-market rents to those in need, and that standards and conditions are met on the social rented housing they own and manage.

There have been several recent changes in the Housing Corporation's functions. Inspection of RSLs was transferred to the Audit Commission in 2003. The Housing Act 2004 introduced the ability of the Housing Corporation to grant fund non registered bodies, such as for-profit developers, for the provision of affordable housing. And the Housing Corporation has recently implemented reforms to deliver a risk-based regulation system to minimise burdens on good performers, following the Elton Review¹².

¹² *The Elton Review of Regulatory and Compliance Requirements for Registered Social Landlords*, Department for Communities and Local Government, April 2006.

Performance of local authority social housing provision – either direct or through Arms Length Management Organisations (ALMOs) – has a different regulatory regime. ALMOs who receive additional funding are subject to regular inspection from the Audit Commission. Local authorities who directly manage their housing are subject to the local authority performance management system under Best Value legislation. This includes a duty to deliver best value, including undertaking reviews, reporting on Best Value Performance Indicators, and being subject to inspection and assessment by the Audit Commission – both through individual housing inspection events and through the Comprehensive Performance Assessment (CPA). The *Local Government White Paper – strong and prosperous communities*¹³ committed to a new performance framework for outcomes secured by local authorities working alone or in partnership. This framework is being developed and implemented within the next two years, as part of the White Paper commitments to rebalancing accountabilities between Government, local authorities and citizens and to reducing unnecessary burdens on deliverers.

In December 2006, the Government invited Professor Martin Cave to head an independent Review of Social Housing Regulation. His remit was to consider options for reform of the regulatory system including fundamental changes, and make recommendations to Government. He was asked to consider regulation in the light of recent policy and institutional change, in particular the Hills Review of Social Housing, and the announcement of the intention to set up Communities England. In developing recommendations, he took account of the views of stakeholders through a Call for Evidence and through ongoing engagement. Stakeholders included RSLs, local authorities (in both strategic and landlord capacities), tenants and Government (including the Housing Corporation and the Audit Commission).

This consultation contains the Government's proposals for a new regulatory system.

Rationale for government intervention

The rationale for government intervention in social housing by enabling bodies to build and manage homes has long been established. Many people cannot afford to buy a decent home or would find it difficult to rent one in the private sector. The recent Hills Review confirmed that social housing provides security and stability for nearly four million of the most vulnerable households in England. The management of these homes needs to be regulated to ensure high quality service standards.

As the Cave Review confirmed, regulation is necessary because social rented housing is offered at sub-market rents. This limits tenant choice, which gives little incentive to landlords to provide good management; so there needs to be a body which sets suitable standards for providers of social housing. Also, as initial provision of social housing usually requires public money, the Government has a clear interest in ensuring the protection of the legacy of past investment. Finally, more than most services, housing determines quality of life for individuals and for a community. There is a public interest in ensuring social housing is at decent quality and tenant rights are protected.

¹³ *The Local Government White Paper – strong and prosperous communities*, Department for Communities and Local Government, October 2006.

Consultation

Within government

Professor Cave is an independent reviewer. In his Review, he discussed his recommendations with Communities and Local Government Ministers and officials, and officials at Cabinet Office, HM Treasury and the Department of Work and Pensions. He has also engaged with the Housing Corporation and the Audit Commission, as Government Non-Departmental Public Bodies with a key role and knowledge of the subject.

Public consultation

In December 2006, the Cave Review invited stakeholders to submit evidence by 15 February 2007. This was not a Government consultation and so was not in full accordance with Cabinet Office guidelines. The Review asked for evidence and suggestions, not comments on his specific proposals.

The Review involved confidential discussions with key stakeholders, including tenants and groups representing them, and representatives of the RSL, local government, ALMO, for-profit (developer) and lender sectors. Their views were reflected in the Review.

This RIA accompanies the Government's public consultation, which makes proposals that build on the Review's recommendations.

Options

The Government has acknowledged that the current regulatory system is in need of fundamental reform. In particular, it should do more to improve tenant satisfaction and empowerment, and it should be suitable for a wide range of providers. The Government is also committed to better regulation, including reducing the regulatory burden on regulated bodies.

Option 1 – Do nothing

This option would keep the old system virtually intact, and would reject the majority of Professor Cave's recommendations. The Government and Housing Corporation are already implementing minor reforms in the RSL sector, including those agreed following the Elton Review, which may lead to reduction of over 10 per cent in the regulatory burden on RSLs. These do not envisage major change to the statutory powers or objectives of the Housing Corporation.

The impact of no change would be that momentum on reform would be lost. Contributors to the Review would be disappointed, including tenants, RSLs and local authorities – for example, tenants would not be given more say in the service they receive, and this would not ensure that RSLs engaged with local authorities in their place-shaping function. It is less likely that housing management would improve significantly. However, the Government would incur less cost and risk from transition to a new system.

Option 2 – Major reform of regulation for RSLs and non-registered bodies in receipt of grant

This option (and Option 3) envisage full implementation of the Government proposals outlined in Chapter 7.25-7.32 of the consultation, which are based on Professor Cave's recommendations. This regulator could be located either in the Audit Commission or as a stand alone body. This would require major legislation in the next available housing bill, to:

- define its relationship with Government (independent, subject to directions on rents and standards only);
- define its objectives;
- add intervention powers to those the Housing Corporation currently has;
- amend or transfer existing Housing Corporation powers; and
- address providers' relationship with local authorities

This option is likely to meet the expectations of stakeholders in social housing regulation, including RSLs, lenders and for-profit bodies intending to develop, own or manage social housing. It is intended to improve management, tenant involvement and the standard of regulation. It is likely to reduce regulation for RSLs while ensuring a system that is more responsive for tenants' concerns. It involves regulation of both ownership and management of social housing.

Under this option, the Government seek only to extend the new regulatory regime to organisations now engaged with the Housing Corporation (through regulation or contract), which are private sector. It would not apply to local authority and ALMO landlords, whose current performance system is different.

Option 3 – Major reform of regulation for all social housing providers

This option would extend the proposed system of regulation to local authorities and ALMOs (public sector bodies). The Government is clear that tenants should be able to expect the same minimum standards of service and have similar opportunities for empowerment, to influence delivery and to seek redress regardless of their social housing provider. However, it recognises that the funding, governance and accountability arrangements vary significantly between providers. The Government is also mindful of its commitments in the Local Government White Paper to implement a new, single performance framework for outcomes secured by local authorities working alone or in partnership.

The Government sees the attractions of bringing local authority owned housing under the same regulatory regime, but wants to explore in more detail the fit with the Local Government White Paper, to which it remains strongly committed. We are therefore inviting views and will be engaging with local authority representatives during the consultation period to explore the detailed implications before reaching a definite view about how local authority and ALMO performance should be regulated.

Alternative options considered

The Cave Review considered a wide range of different options, including on the level of regulation and the location of the regulator.

Costs and Benefits

Sectors and groups affected

Reforms to the regulation of social housing will have direct impact on two groups:

- owners and managers of social housing (including those currently registered or those who could be registered in future; and, if Option 3 is adopted, local authorities and ALMOs);
- tenants of those landlords.

There will be an important secondary impact on several other groups:

- local authorities (in their strategic function) will have more input into regulation, and providers will be under a duty to engage constructively with them;
- for-profit developers can currently apply to develop, own or manage social housing under contract, but a clearer regulatory system may encourage more to be involved;
- lenders will wish to ensure that the new system provides certainty as regards RSL borrowing; and
- potential social housing tenants may benefit from an increased supply of new social rented and low cost housing, which good regulation should encourage.

Race Equality Assessment

It is likely that regulatory reform will have a positive impact on BME groups.

The Government recognises that people from many BME groups are more likely than average to live in social rented homes (in 2001, especially Black African and Bangladeshi households). They are also more likely to be potential tenants. It is therefore likely that improving the management of social housing and increasing tenants' say in the regulatory system will benefit BME groups disproportionately. However, the aim is to empower people of all races in their capacity as social housing tenants, not specifically as BME people.

The regulator (under all options) will continue to seek to promote community cohesion and tenant empowerment, helping to encourage more choice of high quality homes, better community facilities and more economic opportunities.

Health Impact Assessment

There is evidence that suggests the quality of housing can have an impact on the health of residents. Good quality social housing is important in bringing health benefits to tenants in deprived areas, and reducing health inequalities. Improved regulation helps ensure good management and maintenance of homes, and promote social integration to ensure positive health and mental health benefits.

Rural considerations

The Government does not believe these proposals will have any negative effects on rural businesses or the communities associated with them.

Comparison of Options

Option 1

Economic

Economic benefits from minor reform are minimal. The current system arguably imposes too high a regulatory burden on providers, does not attract enough competition from other sectors to encourage efficiency or innovation, and leaves some tenants dissatisfied with the service received. At best, these could be marginally addressed, leading to some cost savings.

Environmental

There are no specific environmental costs or benefits from Option 1.

Social

The Government does not consider there to be any social benefits or costs from Option 1.

Option 2

Economic

The economic benefit of major reform is that the cost of regulation overall should fall, or at least be better value for money. A system which is more transparent in the burdens placed on providers should allow better forward planning. Professor Cave argued that his proposals should result in less regulation and associated costs for RSLs, including reduced information requirements.

Having a new regulator, whether based in the Audit Commission or as a stand alone body (based on the regulatory function of the Housing Corporation), will result in transition costs to Government. More work is needed on the extent of those costs (the Audit Commission option is likely to be marginally lower cost than the stand alone option, and there is also likely to be less transition risk). The Government proposes that regulated bodies meet the ongoing costs of the regulator in proportion to the level of stock they own – this could reduce the cost to Government by an estimated £15m per year (though it may ultimately have to meet part of this, eg through higher grant requirements).

Costs to regulated bodies will comprise two elements: staff and other costs within the body, and a payment to meet the ongoing costs of the regulator. If the level of regulation is lower, staff costs on complying with the regulator may also be lower, though better management may carry costs. The payment to support the regulator would depend on how many homes the RSL owned; assuming the cost of regulation remained at £15m total, and there were two million RSL-owned homes (as at present), the annual cost to RSLs could be about £7.50 per home owned.

Environmental

There are no specific environmental costs from Option 2.

Social

If regulatory reform encourages landlords to manage better, engage with tenants more, and at least continuing their current level of voluntary involvement in neighbourhood activities such as work training programmes, then Option 2 could involve major social benefits for many of the most vulnerable in society (two million households at present, and probably more in future, as the level of RSL social housing ownership is increasing). There are no known social costs.

Option 3

Economic

The economic costs and benefits of major reform to the RSL sector are likely to be very similar to Option 2.

The economic benefits of including local authorities would be the same as for any efficiently regulated business sector. The management costs might be driven down but it is more probable that housing services will provide better value for money.

Including local authority homes would increase the size of the regulator, as it would cover approximately twice as much stock (4 million homes) and providers (up to 210 local authorities as well as over 170 large RSLs). The regulator would therefore cost more, but there would be more regulated bodies to meet its costs. The Government would expect that by the time the new regulator is operational, fewer than 200 authorities would own stock.

Local authorities (and ALMOs) will also incur costs to enable them to respond to the regulator. In practice, the cost would depend on the level of stock owned by the local authority, but there will also be offsetting savings from current information and intervention requirements that may no longer be needed. One of the issues the Government will pursue with local authorities over the consultation period is an estimate of any additional burdens that may arise from this and how they would be met by Government.

Economic costs to local authorities above the current costs of regulating them (ie information requirements, inspection, intervention, tenant engagement – where this is greater than the best currently provide) would need to be funded from central Government, in order to comply with the Government's own requirements on new burdens on local authorities.

Environmental

There are no specific environmental costs and benefits.

Social

There are no known social costs. The social benefits affecting the RSL sector will be largely the same as for Option 2.

There may be considerable social benefits for local authority tenants, if regulatory reform encourages their landlords to manage better and engage with tenants more – though it is difficult to assess whether this will happen in practice. If it did, then Option 3 would be offer potential benefits to as many as 4 million households, twice as many as for Option 2.

Under Option 3, there would, for the first time, be a single regulator and single system of regulation for all social housing providers. This may allow clear comparison of services and standards of provision across the social housing domain for tenants, providers and national and local government, which in itself may encourage service improvement. It would also create equity in information requirements and intervention powers.

Small firms' impact analysis

The proposals are unlikely to affect small for-profit firms. The emphasis on less but more effective regulation, except where necessary to ensure standards for tenants and viability, means that the burden on most RSLs should decrease. Some small RSLs may be permitted to de-register, so long as tenants' rights are maintained by membership of the ombudsman service.

Competition assessment

We do not believe these proposals will have an impact on competition.

Enforcement, sanctions and monitoring

The Government intends to legislate for the regulator's role, making it largely independent but subject to statutory objectives and Government strategic direction on two key issues (rent setting and standard setting). This will ensure there is more transparency – day to day regulation is for the regulator. The regulator will only intervene with providers if the information it collects or key stakeholders indicate there is a problem, but it will have a wide range of mechanisms to investigate and enforce penalties if regulatees are in breach of their duties and providing poor service.

Annex D

Code of Practice on Consultation

The Government has adopted a code of practice on consultations. The criteria below apply to all UK national public consultations on the basis of a document in electronic or printed form. They will often be relevant to other sorts of consultation.

Though they have no legal force, and cannot prevail over statutory or other mandatory external requirements (eg under European Community Law), they should otherwise generally be regarded as binding on UK departments and their agencies, unless Ministers conclude that exceptional circumstances require a departure.

- 1. Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.**
- 2. Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.**
- 3. Ensure that your consultation is clear, concise and widely accessible.**
- 4. Give feedback regarding the responses received and how the consultation process influenced the policy.**
- 5. Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.**
- 6. Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.**

The full consultation code may be viewed at:

www.cabinet-office.gov.uk/regulation/Consultation/Introduction.htm

Are you satisfied that this consultation has followed these criteria? If not, or you have any other observations about ways of improving the consultation process please contact:

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Communities & Local Government Co-ordinator
Zone 6/H10
Eland House
London
SW1E 5DU
020 7944 8907
e-mail to: albert.joyce@communities.gsi.gov.uk

Please note that **responses to the consultation itself** should be sent to the contact shown within the main body of the consultation.

Annex E

List of Key Organisations Being Consulted

All Local Housing Authorities in England
Arms Length Management Organisations
Audit Commission
British Property Federation
Commission for Architecture and the Built Environment (CABE)
Chartered Institute of Housing
Commission for Racial Equality
Council of Mortgage Lenders
English Partnerships
Home Builders Federation
House Builders Association
Housing Corporation
Independent Housing Ombudsman
Local Government Association
London Councils
National Audit Office
National Consumer Council
National Federation of Tenant Management Organisations
National Federation of Arms Length Management Organisations
National Housing Federation
New Deal for Communities Partnerships
Parliamentary and Health Service Ombudsman
Pathfinder Boards
Regional Assemblies/Regional Housing Bodies
Regional Development Agencies
Registered Social Landlords
Royal Institution of Chartered Surveyors
Tenant Participation Advisory Service

The above list (in alphabetical order) is not a definitive list of groups and organisations that have been consulted. If there are other organisations which ought to see a copy of this paper, but which are not on the above list, please contact us with details.