

HOMES AND COMMUNITIES AGENCY CORPORATE PLAN 2012-15

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Cover photo shows Heartlands, a regeneration project which has helped transform a Cornish mining community.

EXECUTIVE SUMMARY

The Homes and Communities Agency (HCA) is at the forefront of the coalition Government's plans to improve the supply of housing and drive local economies. Our purpose is to:

- Contribute to economic growth by helping communities to realise their aspirations for prosperity;
- Deliver quality housing that people can afford; and
- Ensure that the social housing sector is financially viable, well-managed and delivers value for money.

Priorities for 2012-15

The Government's Housing Strategy, *Laying the Foundations*, published in Autumn 2011, set a clear direction to get Britain building more high quality homes, unlocking stalled sites and helping those who aspire to home ownership or need more flexibility and choice. The HCA, using our commercial expertise, land assets and track record of delivering investment in quality affordable housing, has a vital role in making these aspirations a reality over the coming years. The new Affordable Homes Programme is now underway, with contracts signed and building started. Continued delivery of the programme in line with locally identified priorities is a key focus for the Agency over the Spending Review period.

As the HCA assumes responsibility for the regulation of social housing, we not only have to ensure that regulatory independence and vigilance is maintained in a challenging economic environment for providers, but also deliver the effective implementation of a new Regulatory Framework. Under this new approach the HCA will prioritise regulation of the governance and viability of providers as well as new standards on value for money, whilst stepping back from regulating consumer matters.

Having achieved the successful transfer of the remaining land and property assets of the Regional Development Agencies (RDAs) to the HCA, we are putting in place new local stewardship arrangements to oversee the disposal of those assets to support local economic priorities. In the years ahead we will work closely with Local Enterprise Partnerships and others to ensure that our strengthened role helps to drive the delivery of local ambitions for economic growth.

A reshaped Agency

We have reshaped the HCA to deliver Ministers' vision for a smaller, enabling Agency and are on track to generate further efficiencies and savings this coming year towards our agreed 50% overall reduction against baseline costs by 2015. To achieve our purpose with a smaller agency, we work in the following ways:

- We will **put local authorities, Local Enterprise Partnerships and communities in the lead**. Our aim is to help them deliver what they want, in the way they want, where they want it. We will do this by focusing on our partners' priorities and responding flexibly and innovatively to their needs. This will be primarily achieved through Local Investment Plans, where local authorities have chosen to develop them with our support.

- Our approach to economic regulation will be **co-regulatory**, focusing on how boards of Registered Providers manage the risks to their businesses and address value for money. The ultimate aims of economic regulation are protecting social housing assets for the future, protecting the ongoing interests of taxpayers and helping attract additional private finance to support new supply and improvements to stock.
- In a time of reduced resources we will **prioritise more rigorously and innovate**, both in terms of what we do and how we deliver it, to ensure enhanced value for money. We will focus on the top local priorities, where there is a strong prospect of delivering sustainable development including economic benefits and where we have a unique role to play in collaboration with public and private sector partners.
- We will deploy our land assets, investment and technical support to enable delivery where they will have the **greatest impact on local priorities for economic growth and improving the quality of life for communities**. Taking a robust commercial approach, we will use public investment and land assets to lever support from the private sector. We will work with our local partners to identify opportunities for economic development and respond to the growth potential in cities and other localities.

Key deliverables

Over the next three years, we will ensure that we can deploy our investment, assets and functions to improve the supply of housing and drive economic growth, particularly through the following activities:

- Continue to deliver the programmes and outcomes included in the Spending Review period covering 2011-15;
- Support the delivery of the Government's Housing Strategy to improve the supply of high quality affordable and sustainable homes, which contribute to economic growth. We will play a role in the supply side measures in the strategy, including the delivery of the Get Britain Building programme to unlock stalled housing sites;
- Build on the successful launch of the Affordable Homes Programme to ensure that HCA delivers 123,000 quality affordable homes across the Spending Review period, contributing to the overall delivery of 170,000 new affordable homes by March 2015;
- Regulate social housing to gain assurance that providers remain financially viable and well-managed. Our approach to delivering value for money will be proportionate thereby encouraging investment in the sector and supporting the increased supply of social housing. We will respond effectively to cases of serious detriment to tenants;
- Support the improvement and energy efficiency of existing affordable housing through the decent homes backlog programme, transfers and private finance;
- Develop our economic and land assets to support growth and jobs, including the delivery of over 1m square metres of employment floorspace over the Spending Review period;
- Work with Local Enterprise Partnerships and local authorities to support their ambitions for economic growth and regeneration by providing strategic advice, technical and commercial expertise, and focused planning and enabling support where it can have the greatest impact. We will also support them to access and deploy new sources of funding, including the Regional Growth and Growing Places Funds, and deliver Enterprise Zones;

- Work as key partners to England's cities to support their ambitions for growth through innovative new investment partnerships;
- Work with local authorities to support their communities to decide how best to meet their priorities for their area including through Community Right to Buy, Community Right to Build and Community led housing opportunities; and

Accelerate the release of our land, and support work across government to release public land, that can be developed to improve the supply of housing and support economic growth. Work across the public sector to accelerate the release of public sector land with capacity to deliver more than 102,000 new homes. These priorities, as well as further activities to drive housing supply and economic growth, are described in more detail in this plan.

We will be delivering these priorities and targets in a market context that is very challenging for our partners. But achievements over the last year, where we have met or exceeded all of the targets from our previous Corporate Plan, have demonstrated that momentum on housing, land and regeneration can be sustained. Our strong performance through a period of significant change and adverse market conditions is a testament to the dedication of the HCA's staff, the support of our sponsor department - the Department for Communities and Local Government (DCLG) - and the commitment of our delivery partners.

DELIVERING LOCAL ECONOMIC GROWTH

The White Paper *Local Growth: realising every place's potential* (October 2010) set out how the Government is putting businesses and local communities in charge of their own futures, giving greater incentives for local growth and changing the way central government supports economic development, rebalancing the economy towards the private sector and driving sustainable growth.

The focus now is on putting residents, local businesses, civic society organisations and civic leaders in the driving seat and providing them with local rewards and incentives to drive their economies and improve the social and physical quality of their local areas.

The Government is clear that through increasing housing supply and land development the HCA has a key role to play in supporting jobs and the growth of the economy as a whole. We are committed to working with our local partners, including the business-led Local Enterprise Partnerships, to deliver local economic growth.

Working with Local Enterprise Partnerships

Many of our partnerships with local authorities, which developed local investment plans with us, have now evolved into Local Enterprise Partnerships. Across the country we are already working with the 39 Local Enterprise Partnerships to support their ambitions for economic growth in a number of ways, including:

- Through the development of our economic and land assets;
- Directing support in accessing and deploying new sources of funding (including the Regional Growth and Growing Places Funds); and
- Delivering enterprise zones.

We are also using public investment and land assets to lever support from the private sector, helping to identify opportunities for housing, economic development and infrastructure which respond to the growth potential in cities and other localities.

We are bringing our assets and expertise to bear on the delivery of local economic growth, in particular through:

- *Enterprise Zones* - Government is helping Local Enterprise Partnerships to create the conditions for investment across the 25 Enterprise Zones which are currently identified. In a number of the Enterprise Zones the HCA is committing its assets and supporting their delivery through intelligence and advice on planning and deliverability, for example in the Temple Quarter Enterprise Zone, Bristol. We are working closely with Local Enterprise Partnerships and local delivery teams on bringing sites to market.
- *Growing Places Fund* - The Agency is providing expertise on infrastructure funding, particularly revolving infrastructure funds such as that created in South West England in support of the £730m Growing Places Fund in England. We have worked with Local Enterprise Partnerships to provide advice, guidance and a toolkit for prioritising projects suitable for Growing Places funding and we shall seek to work with them further in aligning investment as projects are identified for Growing Places Fund support.

- *Regional Growth Fund* - We have supported Local Enterprise Partnerships to develop successful bids for housing and regeneration related projects that generate jobs and growth.

Supporting growth in cities

In *Unlocking growth in cities* (December 2011) the eight Core Cities (Birmingham, Bristol, Leeds, Liverpool, Manchester, Nottingham, Newcastle and Sheffield) were invited to set out the powers and freedoms they need to deliver growth in their economic area. We are working closely with each of the Core Cities, building on our existing partnerships with them, to support the development of their propositions and establish new delivery models that meet their aspirations for greater control to drive local economic growth. This will be built into the City Deals being agreed between the Core Cities and Government.

Seven of the eight core city deals include strong governance arrangements that provide a basis for joint investment planning with the HCA, innovative land delivery and investment models and support for brokering local approaches to co-ordinating development and disposal of public land. In 2012/13, we will work closely the Core Cities on the effective implementation of the housing and investment elements of their deals.

Economic Assets Programme

In addition to the role that our housing, land and regeneration activity plays in supporting local economic development, we have also assumed responsibility for land and property assets of the former Regional Development Agencies (RDAs). Just over 300 RDA land and property assets and related liabilities were transferred to the HCA under a statutory transfer on 19 September 2011.

These assets have become part of the HCA's new Economic Assets Programme. Local stewardship arrangements (see below) are being established to ensure that the programme and assets are delivered in line with local economic priorities. These partnerships vary from area to area but broadly comprise local authorities, Local Enterprise Partnerships and business.

The HCA is working with its partners to ensure the effective use and disposal of the economic assets delivers the following objectives agreed with DCLG:

- Making best use of assets to support local economic growth, in particular aligning with Enterprise Zones and Local Enterprise Partnerships;
- Disposing of land for housing to support the Government's ambition to increase housing supply through the release of public sector land;
- Contributing to emerging policy on infrastructure and enterprise, in particular supporting the supply of start up space for new business; and
- Using assets to complement and optimise the potential of other policies and funds including Regional Growth Fund, Growing Places Fund, European Regional Development Fund and European Investment Bank investment.

Through the stewardship arrangements work has been undertaken with partners to determine land disposal strategies and housing capacity. Within the stewardship arrangements we have also agreed a local collaboration arrangement with Liverpool City,

and are in the process of agreeing similar arrangements with other cities as part of the government's commitment to promoting growth in cities.

During 2012 we will be completing the due diligence and reviewing the management arrangements for the assets that we have inherited. This will include the following:

- Concluding the due diligence process during the first half of 2012/13;
- Over 3,000 Contingent Assets were inherited and the process of logging these and identifying HCA rights to payment will be concluded in the first half of 2012/13;
- Reviewing the receipts and outputs from Public Private Partnerships and Joint Venture companies; and
- Reviewing estate management arrangements inherited from the RDAs which includes landlord responsibility for over 700 tenants. The use of managing agents to collect rents and maintain property which was favoured by the RDAs will be reviewed and contracts terminated where they are not delivering value for money. Property will not be held merely to provide income and so some fully let and completed projects will be sold. Rent collection and void mitigation will be rationalised into a central process.

Regeneration

The HCA's Property & Regeneration Programme provides funding to meet our existing regeneration commitments. While smaller in scale for 2011-15 than the previous Spending Review period, this programme has a wide reach covering projects spread across the country, all of which contribute to the provision of new homes and jobs, as well as retail and leisure facilities and/or public open space.

Our focus in 2012/13 will be to work closely with our local partners to:

- Manage all our existing project commitments, including those under closed programmes, so they achieve their aims and outcomes as quickly and effectively as possible;
- Provide continuing targeted funding and support to coalfield communities through locally-led regeneration, driving growth and strengthening these communities' economic potential;
- Use our own land and help other public land owners to meet local housing, economic growth ambitions and attract private sector investment, including certain housing strategy initiatives; and
- Advise and support partners who are bidding for Regional Growth Funding, moving Enterprise Zones into delivery or establishing revolving infrastructure funds using the Growing Places funding, often in connection with existing HCA interests.

IMPLEMENTING THE GOVERNMENT'S HOUSING STRATEGY

The HCA is responsible for delivering many of the measures introduced by the Government's ambitious new Housing Strategy for England *Laying the Foundations* launched on 21 November 2011 by the Prime Minister. These are outlined below.

The Housing Strategy will improve housing supply, make it easier to secure mortgages on new homes, improve fairness in social housing and ensure homes that have been left empty for years are lived in once again.

Get Britain Building

We are delivering the £570m Get Britain Building programme, for which £420m was initially announced as part of the Housing Strategy, with an additional £150m allocated in the 2012 Budget. This programme will unlock stalled sites with planning permission and support construction activity by giving house builders access to development finance. The £570m programme is expected to unlock delivery of up to 16,000 homes.

The programme is supporting house builders in need of development finance, including the major house builders, as well as smaller and medium sized developers. Funding is being made available as loans at commercial rates or as an equity investment where we will invest alongside the developer and share proportionately the risks and returns.

We are working jointly with partners selected through the bidding process, with shortlisted schemes going through a robust due diligence process to ensure a strong focus on value for money, deliverability and fit with local strategic priorities.

Schemes have started on site in places including Ashford and Bath, where work has now restarted on 181 new homes. Over 50 further schemes have been approved subject to commercial contracts being agreed with developers.

A further request for bids was issued on 21 June 2012 inviting proposals to use the remaining £100m of Get Britain Building funding (within the overall budget of £570m). The minimum site size criterion has been relaxed (reducing from 25 to 15 homes) to make it easier for smaller house builders to access the scheme. Larger developers can still bid and all bids will be assessed on a level playing field. Bids must be returned to the HCA by noon on 25 July 2012, and all approved sites are expected to restart on site by 31 March 2013.

We will continue to work with partners over the course of the programme to ensure GBB investment can be used to support strategic priorities and meet the aspirations of localities in line with their Local Investment Plans.

Developing public land

The Government aims to accelerate the release of public sector land as a means of increasing the pace of delivery of new homes and promoting economic growth. In support of the Plan for Growth, the Housing Minister set out the Government's plans to accelerate the release of public land capable of delivering up to 102,000 new homes over the Spending Review period.

We will continue to work closely with Government departments and other public bodies, to obtain a comprehensive picture of wider public land supply, in particular identifying sites which can be brought into use in the current Spending Review period. We will use our expertise to assist the Government in challenging departments' disposal plans. Through this process, Government has identified enough surplus public sector land with capacity to deliver up to 102,000 homes.

In 2012/13, the focus of this work will shift to ensuring that the sites identified by departments are made ready for the market and sold as soon as practicable over the Spending Review period. We will work with the relevant landowners and provide support to tackle potential barriers to delivery, in order to unlock the sites as quickly and efficiently as possible. This includes using the HCA's tools and services (such as the Advisory Team for Large Applications (ATLAS)), and the build now, pay later model. We have modified our approach in response to feedback from our private sector partners and ensure that we facilitate more private sector led development.

Our experience in land management means we are able to make links between central government landowners, local authorities and private developers. This includes the potential for joint working between public sector landowners to optimise the mix of uses and to get the best deal for the public sector as a whole. We have worked with a number of local authorities and public bodies to map all publicly owned assets in their areas, for example in areas of Durham and Wigan. This facilitates a more joined up approach and supports the Government's Capital and Asset Pathfinder work.

The Agency will also continue to work closely with Department for Education and the Education Funding Agency to help accommodate requests for the provision of land for schools on its development sites. This will include consideration of both planned development by Local Education Authorities, and additional school provision as academies or free schools.

On our own land, our Land Development and Disposal Plan sets out the principles we use to support the government's aims and accelerate economic activity through our landholdings. The plan lists sites set to be released for locally-backed development during 2012/3, creating homes, jobs and growth, as well as the disposal pipeline for remainder of the Spending Review period. The contribution that could be made by our existing landholdings, including sites that have transferred into the HCA portfolio, both in the coalfields and Economic Assets programmes, provides capacity for up to 14,220 homes (excluding London from 2012/13) over the Spending Review period.

The Plan covers the range of approaches we use, which vary according to the nature of the site, to select and work with partners in relation to our landholdings. Generally we are looking to be transparent about our landholdings, not holding land longer than is necessary and to dispose of land on terms which promote development and economic activity.

We also own a significant quantity of non-development land as a result of the activities of our predecessors (for example, in the coalfields and former new towns) and we will continue to seek to disengage from that land to other bodies subject to resources. For example, in 2011/12 transferred 411 ha of our land, including wildlife areas, country parks and other public green space to community and charity ownership, with endowments valued at £40m to help maintain the land.

We are committed to supporting community-led development and actively encourage community-led groups to engage in development opportunities, either operating on their own or through partnership with a more experienced developer, Registered Provider, local authority or other private or public sector partner. The Agency has already funded a number of such schemes.

Right to Buy

To help more people realise their aspiration of home ownership, the Housing Strategy announced the Government's intention to increase Right to Buy discounts. Right to Buy discount limits across England were raised to £75,000 with effect from April 2012.

Government is also seeking to ensure that the receipts from additional homes sold under the Right to Buy are used to fund replacements on a one-for-one basis with new homes for affordable rent. Local authorities will be able to retain the receipts for replacement housing provided they can sign up to an agreement with Government that they will limit the use of the net Right to Buy receipts to 30% of the cost of the replacement homes.

Where authorities do not wish to enter into such an agreement, the remaining receipt will be returned to DCLG and re-distributed for new affordable rented housing by the HCA (or, in London, the Greater London Authority).

Stock transfer

We are contributing to the development of the Department's approach to future housing stock transfers, in the context of the Housing Strategy. We expect to have a continuing and developing role in assuring the value for money of stock transfer proposals, and that the potential benefits of transfer are maximised, as well as confirming the propriety of tenant consultation. With the integration of the regulatory function in the HCA we will develop our internal procedures to maximise co-operation between the investment and registration functions, whilst maintaining the independence of the latter where appropriate.

Land auctions

Ensuring an adequate supply of land with planning permission is important to improving housing supply and supporting jobs and growth. The Housing Strategy included proposals to pilot land auctions as a way of bringing additional land forward for development and helping the public sector capture a greater share of the value uplift of the land that is gained through the grant of planning.

The Government initially made a commitment to pilot elements of the land auctions approach on publicly owned land to test the land disposal elements of the model in the Plan for Growth. The HCA are supporting DCLG by pioneering the use of land auctions on two of our own sites, one in Skelmersdale, West Lancashire and the other at Hastings, East Sussex, in order to secure the learning for other interested parties and to support the development of the wider model. We will also support the use of land auctions on other pilot sites, such as on Ministry of Defence (MoD) sites in Catterick, in North Yorkshire.

Locally planned large scale developments

As part of its approach to improving the supply of new housing, the Housing Strategy highlights the potential role that well-planned, large-scale development in appropriate locations can play. The National Planning Policy Framework (NPPF) suggests that the supply of new homes can sometimes be best achieved through planning for larger scale development, such as new settlements or extensions to existing villages and towns that follow the principles of garden cities.

We will continue to work closely with Government departments on this policy area, providing advice and support to partners who may be looking to bring large sites forward, using our own experience of developing proposed large sites such as Northstowe, Cambridgeshire, our inherited legacy projects in New Towns such as Milton Keynes, and large regeneration projects such as Greenwich Peninsula. ATLAS can offer expertise in taking large scale sites through the planning system, promoting collaborative working, helping improve relationships, unlocking difficult issues, improving quality, achieving deliverability and building capacity.

Custom Build

The Housing Strategy also highlights the growth potential of the custom homes market and sets out the aspiration to double its size and create up to 100,000 additional Custom Build homes over the next decade.

The Housing Strategy announced a £30m revolving fund to support provision of project finance for Custom Build, which the HCA is administering. The fund has been designed with DCLG and the sector to ensure it targets appropriate groups and deliverable sites, achieves value for money, and meets policy goals. Due to be launched in July 2012, the fund provides loans for up to 75% of eligible costs where schemes cannot proceed without this support.

We have also committed to supporting Custom Build on some of our own land assets. To date five sites have been identified that can be marketed through 2012/13 with potential for Custom Build. HCA is also working to support and enable individual schemes where they fit with local priorities and business plans.

Community Right to Build and other community led development

The Community Right to Build (CRtB) was introduced by the Localism Act 2011 and gives groups of local people the power to deliver the development that their local community wants, with minimal red tape. The new powers mean that where developments for new houses, community facilities or shops have the agreement of the local area through a 'community referendum', and meet minimum criteria, communities will not need to go through the normal planning application process. This will give communities the freedom to decide how to meet the local priorities in their area, and allow new homes, shops, businesses or facilities to be built where they want them.

We are administering a £17.5m fund to provide seed corn funding to enable development of CRtB proposals through to an application for an Order and a referendum. This fund is available to fund a proportion of the costs of working up a CRtB scheme applying for an Order.

We are supporting other models of community led development in a range of ways:

- We continue to liaise closely with the community led housing sector including those groups that have been procured by DCLG to provide support to CRtB groups and other community rights such as the Community Right to Reclaim and Community Right to Bid.
- HCA staff are engaged in neighbourhood planning initiatives, a number of which may lead to CRtB and other community led projects coming forward.

We are actively encouraging community-led groups to seek partnerships with existing providers in order to share expertise and facilitate access to finance, grant and development ability. The first community-led schemes have already been funded under the 2011-15

programme and more are in the pipeline, with relationships and delivery managed by our local teams.

Private rented sector

The recent growth of the private rented sector has played an important role in supporting the market and providing more choice. The Housing Strategy has emphasised the importance of the sector, and the Government has stated that it wants to support investment in what it describes as a flexible sector and will work with the industry to drive up standards and improve consumer awareness.

Over the course of 2012/13 we aim to bring forward a number of sites with the potential to encourage private renting within the overall residential mix, with Build Now Pay Later payment terms. In disposing of sites we will consider on a case by case basis (taking account of the local market and local authority view) whether as part of our disposal terms we wish to include a scenario under which part of the site is developed for private renting. For example, developer selection has already started on this basis at Spencer's Park, Hemel Hempstead. The HCA portfolio is such that large amounts of private rented dwellings will not be delivered on our land, but we have an important role to play in demonstrating how transactions can be structured on public land more widely.

In some parts of the country local authorities are looking to bring together a number of public sector sites to identify a partner to take forward a portfolio of sites for development for private renting. In Manchester, we are working on soft market testing with Manchester City Council. Where we have appropriate landholdings, we are in discussion with local authorities to develop creative delivery models that have the potential to deliver more private rented homes.

Empty homes

Empty homes in England account for 3% of the total housing stock and tackling empty homes is one of the Coalition Government's key housing priorities. As part of the Spending Review in October 2010, the Government announced a £100m fund to bring more empty homes back into use as affordable homes, and following an announcement in November's Housing Strategy of funding to tackle concentrations of empty properties, Government has committed £160 million in total to bring empty homes back into use.

£70m of this funding is being administered by the HCA as part of the overall Affordable Homes Programme. Allocations were announced on 5 March 2012 to deliver over 5,600 empty properties brought back into use, including in London. HCA will complete contracts with successful providers to achieve delivery of agreed allocations outside London over the period 2012-15.

The remaining £30m has been made available to community and voluntary groups via a separate funding programme run by Tribal Education on behalf of DCLG.

A further £50m fund was announced as part of the Housing Strategy to tackle the worst concentrations of empty homes in areas with low demand for housing. Working alongside local authority experts and, more latterly, the Government's specialist Empty Homes Advisor, George Clarke, the Clusters of Empty Homes Programme has been targeted at the country's greatest concentrations of empty homes where bidders could demonstrate proposed schemes met the following criteria:

- A minimum of 100 homes brought back into use
- Delivery is within a distinct, compact area (ward or smaller) with over 10% of homes empty, and each cluster representing more than 25 empty homes
- Clear and demonstrable high level strategic fit and community support - as well as evidence of local authority commitment if the local authority is not the lead bidder
- In principle commitment to providing 100% match funding

The HCA is administering this programme. Through the bidding process 20 very high quality submissions are being supported which show strong alignment with local priorities, many innovative approaches to delivery, a number of new recyclable funding mechanisms and good value for money. In response to the quality of the bids, Ministers agreed to provide an additional £10m of funding, so overall the programme will bring over 3,600 long-term empty homes back into use across 32 local authorities over the next two years.

With match funding this brings the total investment in bringing empty homes back into use to £215m.

Planning for our ageing society

Due to increasing life expectancy, England faces a massive increase in its ageing population. Older people already occupy nearly a third of all homes and will make up 60% of the projected increase in the number of households from 2008 to 2033. Through the New Deal for older people and the publication of the Lifetime Neighbourhoods Report in December 2011, the Government has identified the need to make suitable provision for our ageing population in the long term, through homes and neighbourhoods which allow individuals the freedom of choice and flexibility to remain at home for as long as possible.

We have worked with local authorities to ensure that the needs of older people have been considered in their Local Investment Plans, so that provision for a range of specialised housing options including sheltered and Extra Care housing in their local area is included. We will continue to support the work of the independent Housing our Ageing Population Panel for Innovation (HAPPI) to raise the profile of good quality housing and neighbourhoods for older people and to promote innovation in this sector.

Unlocking strategic sites

The overarching objective of the Housing Strategy is to accelerate the delivery of high quality homes that will stand the test of time. We have a central role in helping to meet this objective, as well as delivering on specific programmes that have been identified as part of the strategy. Establishing and maintaining a strong pipeline of land and deliverable projects through the planning process is a key element in delivering growth. Our operating area staff may have skills and experience to help unlock key strategic sites, and they will be supported by our specialist ATLAS team.

ATLAS provides comprehensive enabling support to Local Authorities and their partners in the delivery of large scale (500+ dwellings), high quality sustainable development through the planning process. Engagement can be at any stage in the planning process from site policy formation through to planning consent. Projects are derived from key Government priorities, for example, the Government's ambition to build 100,000 homes on public sector land, and the priorities of our local partners and local authorities in particular.

The team provides multidisciplinary expertise and a bespoke range of advice depending on the needs of the project. Typical tasks include; developing vision and development objectives, community engagement, master planning, project management, infrastructure, scheme viability, section 106 and planning delivery solutions. From a position of impartiality and the promotion of collaborative working, ATLAS helps improve relationships, resolves difficult issues, improve quality, achieve deliverability and build capacity.

Quality, sustainability and design

The Housing Strategy highlights that the quality, sustainability and design of housing are just as important as how many new homes are built, and that getting this right is crucial if communities are going to support new homes. The Government is committed to improving the design and sustainability of housing in ways which give communities a say over the design of new homes and neighbourhoods, whilst improving the energy efficiency of both new and existing homes. As part of this, we will support Government's commitment to:

- Delivering the Zero Carbon Homes standard for all new homes from 2016; and
- A National Adaptation Programme, ensuring homes are fit for a future climate.

We have supported the work of the Local Housing Delivery Group to ensure that our experience of delivery helps to inform the most appropriate standards for local delivery in new housing and neighbourhoods and that they are viable.

Efficiency agenda

We will support DCLG to deliver its commitments to construction savings under the Government Construction Strategy by developing, promoting and monitoring best practice in procurement and construction amongst our delivery partners. Where appropriate, we will use feedback from our Quality Audits and from our legacy projects to inform industry and future development and use of new technologies and construction techniques.

The Delivery Partner Panel (DPP) enables the HCA and our delivery partners to undertake quick and efficient procurement of housing led development. The panel offers relatively simple means to procure a developer which complies with European regulations¹ backed up with clear and practical support as part of our enabling role. We have worked hard with private and public sector partners to develop processes to reduce procurement time and costs and have shared these with panel users through provision of a handbook and toolbox information. The panel is available to Local Authorities and Registered Providers and 100 of these Partners are currently signed up to procure through the DPP. We have received extremely good feedback from private and public sector partners on ease of use and efficiency of the panel.

To date 24,000 houses have been or are being procured through the DPP. These comprise of 76 partner schemes to deliver 12,000 houses, of which 3,700 of these are either in contract, under construction or complete. A further 38 HCA schemes will deliver 12,000 houses, of which 3,800 are in contract, under construction or complete.

Procurement for the next Delivery Partner Panel is currently underway which we expect to be available at the end of March 2013. Initial interest from the development industry has been very good and we have applied lessons learned from the first DPP. The new DPP will be

¹ Under EU legislation public sector tenders above a certain threshold must be published in the Official Journal of the European Union.

available to a very wide range of public sector users and will support broader development of public sector land.

INVESTMENT IN LOCAL PRIORITIES

A key focus for the HCA's approach during this Spending Review period is to deliver national programmes and outcomes in support of local priorities for housing and growth. The Spending Review provided for significant programmes of investment for new affordable homes and the improvement of existing social housing to be delivered by the HCA.

Affordable Homes Programme

Overview

In many places across England there is a shortage of housing, and affordable housing in particular. High prices push people out of their communities and create costs for businesses in retaining staff. A poor quality housing offer in some areas means they cannot attract the skilled labour force needed for economic prosperity. Increasing supply also has a strong impact on economic growth, as housing construction creates local jobs and feeds money back into the local economy.

In total, around £19.5bn is being invested in much needed affordable housing. This includes the Governments £4.5bn investment to deliver up to 170,000 new affordable homes by March 2015, leveraging around £15bn of funding from providers. The Affordable Homes Programme, managed by the HCA, which includes the Affordable Rent product, has replaced the National Affordable Housing Programme (NAHP). Commitments made under the NAHP 2008-11 will continue to deliver completed affordable homes over the current period, contributing to the aspiration to deliver 170,000 new affordable homes.

Allocations of nearly £1.8bn to deliver up to 80,000 affordable homes under the Affordable Homes Programme were announced in July 2011. Those homes will be delivered by over 140 organisations, including housing associations, local authorities and private developers. 130 contracts were completed by 6 July 2012. We will prioritise completion of remaining contracts in early 2012/13 – the majority of which are with local authorities following implementation of the HRA reforms. Contracts relating to London will be taken forward by the Mayor.

The majority of affordable housing completions in 2011/12 have been for social rented and Low Cost Home Ownership homes where funding was agreed under the previous programme. From 2012/13 we expect the proportion of homes that are delivered through Affordable Rent and affordable home ownership within the Affordable Homes Programme to increase significantly.

In delivering affordable homes for which allocations have been made, we will continue to work with delivery partners and local authorities to ensure that firm scheme proposals brought forward under the contracts will meet local needs and identified priorities. We will undertake quarterly contract review meetings with providers to ensure that delivery performance is maintained in accordance with the contracts. This includes delivery to meet local priorities for which allocations have been made, such as the provision of larger homes; supported housing for vulnerable and older people; and housing in rural areas.

Within the £1.8bn funding through the Affordable Homes Programme for Affordable Rent and affordable home ownership, funding has been allocated specific programmes including Empty Homes, Homelessness Change and Traveller Pitch Funding for 2011-15.

Within the Affordable Homes Programme agreed allocations will support a number of specific strategic priorities:

- **Housing for vulnerable and older people**

For the Affordable Homes Programme 2011-2015, we provided specialist bidding guidance to encourage the delivery of housing which would meet the needs of vulnerable and older people. We will continue to promote the Vulnerable and Older People's Needs Estimation Toolkit to enable local authorities to consider the ageing population in their local plans. The HCA's role in meeting the needs of older and vulnerable people is highlighted on our website which includes the annual report for the Vulnerable and Older People Advisory Group (VOPAG).²

- **Rural housing**

We are working with our partners to deliver allocations that will support villages, investing in rural areas through our Affordable Homes Programme of investment to address problems of housing affordability and community decline.

As part of our commitment to rural areas our Rural Housing Advisory Group ensures that rural issues remain central to our work, advising the Government and seeking ways to improve the delivery of affordable rural housing, promoting joint working between key stakeholders through the provision of a forum for sharing good practice and encouraging innovation. We have a network of Rural Champions around the country, who are responsible for supporting and promoting rural issues in their areas. HCA work in promoting rural housing is featured on our website.³

Additional programmes delivering during the current Spending Review period

FirstBuy

In the 2011 Budget the Government introduced FirstBuy, a new equity loan scheme, which assists first time buyers in gaining access to the housing market. £180m of funding was allocated to support over 10,000 households to purchase a new home by March 2013.

Following a successful start to the first year of the programme, HCA will continue to work with developers outside London to achieve a total of 9,334 completed FirstBuy sales across England by March 2013.

Mortgage Rescue

The Mortgage Rescue Scheme is designed to provide vital support to vulnerable homeowners who are struggling to maintain their mortgage payments and are at risk of repossession. The aim remains, wherever possible, to prevent repossession and keep people in their homes and living in the community where they can continue to benefit from existing support networks, including family, friends, schools and colleges.

£221m was made available in the 2011 Spending Review for Mortgage Rescue over the period 2011-14 for eligible homeowners who have been referred to the scheme by a local authority. As administrators for the programme, the HCA now has over 150 partner providers working with the 22 lead providers to provide mortgage rescue across England. Delivery of the remaining budget to support eligible rescues will continue over the next two years.

² <http://www.homesandcommunities.co.uk/ourwork/vulnerable-and-older-people>

³ <http://www.homesandcommunities.co.uk/ourwork/rural-housing>

Homelessness Change

The HCA delivers the Places of Change Programme, which provides £80m of capital funding for over 111 projects across England. These range from refurbishment of hostels and day centres to specific training initiatives and social enterprise schemes. The Homelessness Change strand within our current Affordable Homes Programme aims to build on the success of Places of Change, and has a specific focus on developing new or refurbished hostel accommodation with an emphasis on the elimination of poor quality, unfit for purpose facilities.

In October 2011 we announced the allocations for £42.7m towards Homelessness Change projects (including London) to deliver over 1,500 new and improved bed spaces over the current Spending Review period. The majority of providers are expected to complete contracts and deliver allocations over the period 2012-15.

Traveller Pitch Funding

The HCA also delivers investment for developing and refurbishing traveller pitches. Traveller Pitch Funding of up to £60m was made available as part of our Affordable Homes Programme, to support local authorities, housing associations and other delivery partners to provide good quality public sites to help meet the need for accommodation for these communities.

Allocations of £47m, which will support 71 projects around the country, were announced in January 2012 for the provision of new traveller sites and new pitches on existing sites, as well as the improvement of existing pitches. Details of the continuous market engagement process for the remaining Traveller Pitch Funding will be issued during the summer 2012.

Empty Homes

In March 2012 we confirmed successful bids for £70m of Empty Homes funding. Ninety five housing associations, local authorities and other providers are set to deliver over 5,600 new affordable homes by bringing empty properties back into use. This is significantly more than originally anticipated (original total of 3,300 homes across the whole £100m of the Empty Homes programme). The HCA will continue to work with partners to help deliver these schemes over the Spending Review period.

Community led housing

In addition to our work to support the implementation of the CRtB, we are already supporting existing models for community led housing development. We are encouraging community-led groups to seek partnerships with existing affordable housing providers in order to share expertise and facilitate access to finance, grant and development ability. As part of their work with local authorities and the community sector, our local teams will explore opportunities for taking community-led schemes forward where they deliver good value for money and locally agreed priority outcomes. This has included work to ensure the associated processes are proportionate to the projects that come forward and to build capacity inside the Agency and with the sector.

Proactive programme management to ensure delivery of Affordable Homes Programme and other affordable housing programme allocations will continue over 2012-15. HCA will continue to monitor delivery of programme outputs and publish delivery outputs on a six-monthly basis

Existing stock

There are over 4m existing rented homes owned by housing associations and local authorities in England. Care of this stock is vital to achieving thriving and sustainable communities, tenant well being and satisfaction, and maintaining the value of previous public sector capital investment.

Decent Homes

The Decent Homes Standard requires social landlords to ensure that their homes are warm and weatherproof with reasonably modern facilities. At April 2011 (and for the whole of England), 7% of all social housing stock (272,000 homes) did not meet the standard, including 217,000 homes amongst local authority landlords, making up 13% of their stock. For authorities outside London, 10% of stock fell below the standard (124,000 homes).

The HCA's Decent Homes Backlog Programme (worth £600m outside London between 2012 and 2015) provides capital funding to council landlords with a significant backlog of Decent Homes works. In March 2012 the Government abolished the Housing Revenue Account subsidy system for council landlords, replacing it with a Self Financing system where councils keep their rental income and use it to maintain their homes within a sustainable business plan. Decent Homes Backlog funding targets authorities with a significant number of homes below the Standard at the time of Self Financing implementation, supporting them in achieving a sustainable business plan compliant with the Standard. Funding has been allocated to 20 authorities in 2012/13, with indicative allocations to a total of 28 authorities for the following two years. At April 2011, 28% of homes in authorities allocated funding were non-decent, compared to 3% for other council landlords.

The forecast total number of non-decent homes in funded authorities outside London at the end of March 2012, the start of Self Financing, is 93,000 (note the official statistics for the actual position at this time will be published in autumn 2012). We forecast programme funding will make the following number of homes decent per annum:

- 2012/13: 13,000
- 2013/14: 22,000
- 2014/15: 27,000

The Decent Homes Backlog will thus be reduced by 67% to 31,000. (Note both funded and other council landlords predict some inflow of homes becoming non-decent following the implementation of Self Financing. These are not included within the definition of "Backlog".)

We will monitor delivery, value and outcomes from the programme through forecasting, monitoring and at least annual visits. We continue to work with social housing procurement consortia, formed with Government financial support, and individual landlords to develop and share best practice in procurement, and to demonstrate the potential of strategic procurement to achieve both better value and social goals.

In 2012/13 we will commence payment of Decent Homes Backlog funding through grant paid by HCA, rather than subsidy adjustments as previously.

Stock Transfer

We continue to manage the Large Scale Voluntary Transfer Gap Funding Programme (£300m outside London between 2012 and 2015) allowing us to complete commitments to stock transfer landlords so they can maintain viable business plans (principally supported by

private finance) and deliver the programmes of capital works agreed at transfer, centred on achieving full compliance with Decent Homes.

The investment arm of the HCA manages core aspects of the stock transfer process for DCLG, working with Regulatory colleagues, including Value for Money assessment. In 2012/13 and beyond we will work with local authorities to process any newly arising proposals as well as supporting developments in stock transfer policy, following the Housing Strategy, led by DCLG.

Private Finance Initiative

We will continue to work with local authorities to help them both procure and deliver housing PFI projects, and to assess and recommend the approval of project-related material throughout the development and procurement cycle. The programme includes a combination of estate regeneration, new build extra care and new build general needs schemes. At the start of 2012/13 there are eight housing PFI projects still in procurement. We are working with these local authorities to produce robust Full Business Cases (FBCs) which need to be formally approved by the Department and then by HM Treasury before projects can proceed to financial close.

Government has increased its focus on PFI projects that are already operational and the extent to which they offer the potential for delivering savings to the public sector. We will work within the framework agreed with DCLG to test and realise the potential for savings by contracting authorities.

Retrofit

We will work with landlords to identify retrofit opportunities in order to improve the energy efficiency of homes. We will look for opportunities to co-ordinate this with Decent Homes works and help landlords make best use of available support and finance, including the Government's Green Deal.

Delivering Local Investment Plans

Our commitment to delivering locally determined priorities is reflected in our business model. Over the last two years we have worked with local partnerships to develop more than 160 Local Investment Plans, covering 99% of the country, that shape our delivery of housing, regeneration and economic growth in localities.

The HCA's area teams are now working with local authorities to explore how Local Investment Plans and the projects within them can be delivered. This includes:

- Using Local Investment Plans as the basis for HCA business planning;
- Working closely with local partners to further develop and refine the plans to ensure they are deliverable, fit for purpose and reflect the changing needs and aspirations of local areas;
- Updating Local Investment Plans to reflect changing markets, policy context and local governance arrangements (such as the emergence of Local Enterprise Partnerships and the Core Cities);
- Refining the case for HCA investment and enabling support and the levels of support required;
- Identifying and refining the strategic case for investment and intervention;

- Exploring in detail the deliverability and viability of individual projects;
- Prioritising interventions and projects to reflect available resources and programmes; and
- In some cases developing Local Investment Agreements and Local Delivery Plans setting out what each partner will contribute to the delivery of a project, including key milestones and actions.

In order to make the most of our investment we will work alongside our local partners to enable delivery of their priorities. We will focus our enabling resources where they have the greatest impact in delivering affordable housing and supporting regeneration and economic growth. Local Investment Plans, where these are in place, provide the basis on which we will seek to align our resource to the activities that will make the most difference locally in delivering outcomes. This will encompass work at different spatial levels - Local Enterprise Partnerships, groups of local authorities, individual authorities or specific local community groups – and will draw on the expertise available across the Agency. In particular, we will provide a strong commercial focus, driving greater value for money and private sector investment, and offering tools, models and access to delivery panels to our partners.

We will also continue to collate and disseminate good practice and case studies on cross-cutting themes such as older and vulnerable people, rural and community-led development, design, sustainable development, growth and economic development and key thematic priorities as set out for each HCA operating area in the Annex of this plan.

We will use our website and other virtual resources wherever possible in order to encourage efficiency and to share lessons of experience. We shall continue to promote the use of our geographic information system (SIGNET) to give local authorities access to spatial analysis and mapping, and we will re-launch the Urban Design Compendium as an integral element of the HCA website, helping local authorities identify good design and examples of sustainable development.

Heritage Assets

The HCA is responsible for 107 listed buildings and 14 Scheduled Ancient Monuments with 56 of these listed buildings having been transferred to the Agency as part of the Economic Assets Programme. Thirteen of the buildings are listed as Grade 2* or above, while many other HCA assets are in, or adjacent to, World Heritage Sites or Conservation areas. The HCA will work with its partners to manage and dispose of this estate to support and meet local ambitions whilst complying with our obligations under *The Protocol for the Care of the Government Historic Estate*. We will work with English Heritage to manage and enhance the heritage assets for which the HCA is responsible.

REGULATING SOCIAL HOUSING

As a result the Localism Act, which came in to force on 15 November 2011, the HCA became the Social Housing Regulator on 1 April 2012.

In order to maintain the functional independence of regulation a statutory Regulation Committee has been appointed by the Secretary of State to discharge regulatory functions. The Committee sets and oversees the Regulatory Framework, including the standards required of providers. Julian Ashby was appointed as the Chair of the HCA Regulation Committee in November 2011 and the remainder of the Committee was appointed in February 2012. The Committee took up its full range powers and responsibilities from April 2012. Before the transfer of regulatory functions the TSA board (in consultation with the Committee members) published a new Regulatory Framework which enshrines the remit given to the regulator in the Localism Act. The Regulator's remit can be summarised as proactive economic regulation and reactive consumer regulation.

Regulating economic standards

The principal focus of the Regulation Committee is on meeting its statutory economic objective through the proactive regulation of private registered providers. This means protecting social housing assets and the interests of taxpayers, and helping to support the provision of new supply including through attracting additional private finance into the sector. To do this we will focus on the proper governance and financial viability of providers. The Regulator will also have a renewed focus on value for money, and will expect Boards to drive value for money improvements but will not prescribe how this is done or where the capacity created will be used. The Regulator's economic remit taken as a whole helps create and maintain the preconditions for capacity and growth in social housing.

The social housing market, and therefore the context for economic regulation is developing rapidly. The lending environment has shifted decisively, with traditional lenders offering shorter terms with higher margins, and providers increasingly looking to the capital markets for long-term finance. Significant private finance is needed to deliver the Affordable Homes Programme and planned changes to the welfare system will expose providers to new risks to their business plans. To respond to the changing environment providers are diversifying, entering into more complex financing and business arrangements and new types of provider are seeking to enter the sector. The core role of regulation is to ensure that providers are managing their risks and regulation will need to develop along with the developments in the sector.

We have published *Regulating the Standards* setting out the means and the principles by which the HCA, as Regulator, will deliver economic regulation. *Regulating the Standards* describes this approach as 'assurance based', 'risk based' and delivering 'joined up regulation'. By this we mean we seek the minimum assurance necessary on compliance with the economic standards but the precise level of work needed will vary depending on the risks presented in different providers. We will look at compliance with the economic standards in the round, reflecting their interdependency rather than in silos. The system of regulation as a whole, as reflected in *Regulating the Standards* seeks to comply with the Regulator's duty to minimise interference whilst at the same time allowing the Regulator to deliver on its economic objective.

Core routine regulatory work to deliver economic regulation involves (for all providers with over 1,000 units):

- Maintaining a statement of findings on the economic standards, recording levels of assurance obtained and judgements reached;
- Conducting annual viability reviews or financial health checks as appropriate;
- In a rolling cycle (usually spread over 2-3 years) producing published regulatory judgements;
- Reactively investigating issues relating to potential breaches of the economic standards e.g. arising from allegations, whistle-blowing or other sources of intelligence and adjusting the overall view of the provider as a result; and
- Evaluating requests from providers for consents (e.g. to group reorganisations etc).

Regulating consumer standards

Following the Localism Act 2011 we will have a reactive role in consumer regulation only. We will help social housing tenants get a fair deal by setting clear consumer standards. When presented with evidence of serious harm or potential serious harm to tenants we will address issues quickly and effectively, including intervening in providers where appropriate. However, the primary responsibility for intervening where consumer standards are not met will fall to others – tenants’ panels, MPs and elected councillors. The Regulator will not proactively monitor compliance with the consumer standards and will not have a good practice role in supporting the other bodies involved in the system. We will, however, continue to maintain appropriate stakeholder relationships to enable to delivery on our tightly defined regulatory role.

Supporting regulatory functions

As well as the day-to-day activities designed to deliver on the Regulator’s economic and consumer regulation objectives as outlined above, the Regulator will carry out the following activities:

- *Registration and consents* - We will maintain a registration and consents function as an integral part of the regulation function to facilitate new entrants to the sector whilst ensuring they meet its standards and offer good value for money to the tax payer. We will similarly consider applications for consents for disposals and constitutional consents in accordance with published policies and guidance, taking into account the significant developments in the sector;
- *Intervention* - Where providers are not meeting our economic standards we will in the first instance support them to address problems in accordance with our published guidance on intervention and enforcement. Where necessary we will step in to ensure that social housing assets are protected. We will develop our approaches to intervention and enforcement in light of the changing nature of the sector;
- *Analysis and provision information on the market context* - We will continue to analyse available data to understand the changing dynamics of the sector, exposure to risks and new and emerging risks. We will make relevant information available to providers to enable them to understand their environment and make informed use of analysis in delivering our economic regulation;

- *Support for access to private finance* - We will support providers to secure private finance at competitive rates, by working with providers and lenders to develop the lending market; and
- *Development of the regulatory framework*. - We intend to review certain aspects of the regulatory framework during 2012 with a view to clarifying the expectations and approach to the regulation of profit-making landlords, as well as considering the impact on non-profit landlords where this is relevant. The aim will be to gain deeper understanding, following consultation, of managing the risks and opportunities that profit-making providers generate, and may lead to us proposing changes to the framework, for example in relation to certain elements of the economic standards.

COMPLETING REFORM OF THE HCA

Efficiency and savings

In 2010/11, as part of the Government's deficit reduction programme, the Agency was asked to reduce its administration costs by 50% by 2015⁴. The baseline for this reduction was established before accounting for the transfer in of the Regulation function and the transfer out of staff to the Greater London Authority.

Following the transfer of Economic Assets to the HCA from Regional Development Agencies on 19 September 2011 the HCA was allocated an associated administration budget. This administration budget reduces by 33% by 2015 in line with the disposal strategy for the Economic Assets.

On 1 April 2012, the HCA assumed responsibility for the administration budget for the Regulation function (formerly part of the Tenants Services Authority (TSA)). Again, at the beginning of the Spending Review period the TSA was asked to reduce administration costs by 37%. The HCA is now responsible for ensuring these savings are delivered.

The following table shows the Agency's combined administration budget over the remaining years of this Spending Review and compares this with the 2011/12 budget.

Table 1: HCA Administration Budget

| HCA Admin Budget | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|-------------------------|----------------|---------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| HCA Admin Budget | 114,525 | 94,299 | 77,603 | 75,829 |

The HCA is on track to achieve the required savings through a series of planned efficiencies, some of which have already been achieved by the restructure of the Agency in 2011/12, the rationalisation of office accommodation and the implementation of other non-pay related efficiency savings.

As the HCA and DCLG have undergone significant structural changes to deliver efficiencies we have carried out a joint review of how the HCA is sponsored. The review has looked at how we can more efficiently achieve assurance and accountability to Ministers for our delivery, including our new responsibilities for regulation and economic assets, within the reduced resources in the HCA and the Department. We shall work collaboratively with our colleagues in DCLG to implement the recommendations of the review.

London

Following the Localism Act 2011 the housing and regeneration functions, programmes, assets, liabilities and staff of the HCA as they relate to London have transferred to the GLA. This transfer is in line with the Government's policy aim of devolving powers, decision

⁴ Saving against inflation adjusted 2010-11 baseline

making and funding to appropriate local levels to improve democratic oversight and accountability. The Localism Act also removes London from HCA's statutory objectives, effectively turning off HCA's powers in relation to London.

The HCA, however, retains an ongoing relationship with the GLA: it will be delivering a number of programmes and functions on behalf of the Mayor; the regulation function will still cover London; and HCA/GLA will be sharing a number of systems and guidance relating to various affordable housing programmes.

To manage this ongoing relationship, a Memorandum of Understanding (MoU) has been jointly drafted by GLA and HCA. It sets out the respective roles of the HCA and GLA, establishes the broad principles of where and how they will cooperate and respect each others roles and accountabilities, establish areas of joint interest, share information as allowed within established restrictions, and maintain regular contact. The Memorandum also has two appendices, the first one covering HCA's responsibilities in relation to regulation in London and how it will work with the GLA as the investment body for housing in London; and the second in relation to the areas of joint interest involvement of the HCA and GLA in investment issues. The second appendix will also cover those areas being delegated to the HCA from the Mayor.

There are five areas where the Mayor wishes to delegate certain activities back to the HCA. These have to be with the consent of the HCA and either the Mayor or the HCA can withdraw the delegation or consent at any time. The areas the Mayor wishes to delegate are:

- Get Britain Building
- Management of the Berkeley PRSI scheme (a multi-site cross regional scheme)
- PFI monitoring
- Post Sales HomeBuy Agent/monitoring of equity schemes up to April 2014.
- Armed Forces Home Ownership Scheme.

The MoU (and investment annex) have been signed by the Mayor and Chief Executive and the Regulation annex signed by the Mayor and Chair of the Regulation Committee. The MoU allows for review, and senior staff at the HCA and GLA will be tasked with owning the regulation and investment appendices and recommending any revisions as appropriate.

Milton Keynes

In May 2010 the Coalition Government signalled that the HCA should become a smaller, enabling and investment agency. Part of the HCA's resulting remit is to enable local authorities achieve housing and regeneration ambitions for their own areas. This enabling role is consistent with the overall aims of the Coalition Government's Localism Act 2011 - to devolve greater powers to councils and neighbourhoods and give local communities more control over housing and planning decisions.

Milton Keynes Council (MKC) welcomed the proposals to return local planning powers to local councils and approached the HCA and DCLG with a request to transfer the functions presently carried out in Milton Keynes by the HCA to a Council led delivery body. At a meeting between the Housing Minister and the HCA Chief Executive and Leader of MKC in November 2011, the Minister expressed his support for the Council's proposal that the transfer should take place and advised his officers that any "reasonable" offer should be accepted.

The functions carried out by the HCA included Inward Investment, Development Control, land and property ownerships and the obligations and rights under the Milton Keynes Tariff.

The Inward Investment function transferred to MKC in April 2011, together with staff under TUPE. The transfer of Development Control staff also took place at that point. Work relating to the expansion areas covered by the Tariff is being carried out under a service level agreement until transfer of the Tariff can be done by statutory instrument (SI) which will revoke HCA's planning powers in December 2012.

We will continue to work with MKC on details of the deal and on the contribution of housing and land to growth in Milton Keynes.

Risk management

The Agency's Risk Management Strategy is based on both Government and Industry guidance and is embedded within our management processes and structures, from Board meetings to the management of programmes and individual projects. The nature of the work that the HCA is asked to deliver by Government will expose it to risks, from owning buildings which contain asbestos, working with the private sector during difficult economic conditions and delivering programmes through partner bodies.

Risks are identified, analysed, evaluated and, if necessary, treated by the introduction of mitigating controls. Risk activity is recorded through a variety of Risk Registers, which are maintained and monitored by management and which are subject to periodic review and challenge by Risk Management Staff, and, at a high level, the Audit and Risk Committee.

Publication of Data

The Agency is committed to following Government advice related to transparency while ensuring it maintains the integrity of Official Statistics and a commercial approach to use of public resources. We publish expenditure over £500 on our website each month. We also publish tender opportunities over £10,000 and contracts awarded over £10,000 on the Contracts Finder website. The HCA also publishes salary details of its senior posts in the format defined by the Cabinet Office as well as an organogram.

Twice yearly we are publishing a detailed list of all our land and property assets categorised by local authority area, type of asset, size and address. We hope this will make it easier for local authorities and communities to see where HCA-owned property is located and its status.

Carbon management

We comply with the Greening Government Commitments which has a number of sustainability targets for us to achieve over the next five years, including a 25% reduction in carbon emissions by 2015 based on 2010 levels.

However, our Carbon Management Plan, endorsed by the Carbon Trust, put us on a trajectory to achieve and even go beyond these targets, helping us to reduce our contribution to climate change whilst ensuring leadership in sustainability in the public sector. The plan sets out the technical projects and the change management processes required to achieve our target of a 40% reduction of carbon emissions based on 2010 levels by 2015.

Our New Equality Objectives

We recognise that our roles as an investor, enabler and regulator can positively address inequalities and disadvantage some communities face. However, our activities can only achieve positive outcomes if we establish effective local partnerships that put local people at the heart of decision making.

As a public authority, listed in the Equality Act 2010, we are required to meet statutory equality duties. On 6 April 2012, we published nine equality objectives based on the feedback we had received from a public consultation. Our equality objectives are:

1. Promoting recognition of the value of accessible housing through our investment and enabling role;
2. Promoting investment that meets the needs of older people;
3. Promoting investment that meets the needs of Traveller communities;
4. Promoting investment that meets the needs of BME and faith communities;
5. Encouraging the participation of community / specialist providers in investment;
6. Ensuring that the way in which the serious detriment test is implemented considers the impact on equality and diversity;
7. Achieving a positive and fair working environment where diversity is led at all levels;
8. Demonstrating effective diversity practice through the HCA Board, Regulation Committee and Advisory Groups;and
9. Improving the representation and visibility of disabled and lesbian, gay, bi-sexual and transgender (LGBT) people in our workforce.

Our Board Advisory Group for equality and diversity will support us to translate our objectives into practice. The activities of the Advisory Group will also support us to take an innovative approach to how we work and maintain an ongoing dialogue with our stakeholders.

We recognise that our transparency plays an important role in giving our people, partners and public confidence that our commitment to equality and diversity goes beyond rhetoric. Therefore, we will publish equality information annually that demonstrates our performance across all of our functions.

EXPENDITURE

Table 2 below sets out our anticipated programme expenditure for 2012/13 to 2014/5.

| EXPENDITURE (£m) | 2012/13 | 2013/14 | 2014/15 | TOTAL |
|--|----------------|----------------|----------------|--------------|
| Affordable Housing | 751 | 631 | 395 | 1,777 |
| Land & Regeneration | 114 | 58 | 70 | 242 |
| Decent Homes | 287 | 305 | 302 | 894 |
| Housing Strategy | 301 | 259 | 112 | 672 |
| TOTAL PROGRAMME EXPENDITURE | 1,453 | 1,253 | 879 | 3,585 |
| Administration, pensions, restructuring and depreciation costs | 107 | 83 | 82 | 272 |
| TOTAL RESOURCES | 1,560 | 1,336 | 961 | 3,857 |
| Receipts | -88 | -183 | -106 | -377 |
| NET DEPARTMENTAL EXPENDITURE LIMIT | 1,472 | 1,153 | 855 | 3,480 |

Notes

1. Economic Assets net DEL budget for 2013/14, including within Land & Regeneration includes aspiration to contribute £100m, towards Affordable Homes budget.
2. Decent Homes Backlog programme is included in the Agency's budget from 2012/13 onwards and the budgets for 2013/14 and 2014/15 are indicative only.
3. Housing Strategy includes Clusters of Empty Homes Programme, Get Britain Building, Community Right to Build and Custom Build.

OUTPUTS AND TARGETS

In this plan we have focused on output targets which contribute directly to the impact indicators highlighted in the DCLG's Business Plan, the Housing Strategy and the Prime Minister's ambition to release enough previously-used public land for more than 102,000 homes. Targets are set for those programmes funded through the HCA. The GLA and other sources will also contribute to the Government's overall aspiration of delivering up to 170,000 affordable homes.

Table 3 shows affordable housing completions across the Spending Review period split between current HCA's commitments, the new Affordable Homes Programme and other non-HCA delivery sources. Table 4 then breaks down the components delivered by the HCA by year. Table 3: Overall affordable housing completions

| AFFORDABLE HOUSING COMPLETIONS 2011-15 | |
|--|----------------|
| Affordable housing (already committed) | 59,487 |
| Affordable Homes Programme | 63,824 |
| Other non-HCA sources ¹ | 46,689 |
| Total | 170,000 |

1. Includes grant free, local authority and GLA funded affordable homes

Table 4: Affordable housing completions delivered by HCA

| AFFORDABLE HOUSING COMPLETIONS (Funded/contracted by HCA) | 2011/12 Outturn | 2012/13 Forecast | 2013/14 Indicative | 2014/15 Indicative | Total |
|--|--------------------|---------------------|-----------------------|-----------------------|--------|
| Affordable housing (already committed) | 45,977 | 11,390 | 1,690 | 430 | 59,487 |
| Affordable Homes Programme | 2,694 | 8,520 | 26,840 | 25,770 | 63,824 |
| FirstBuy | 2,994 | 6,340 | | | 9,334 |

Table 5 shows other housing outputs generated by the HCA's programmes including homes built for market sale and dwellings made decent through the Decent Homes programme.

Table 5: Other housing outputs

| OTHER HOUSING OUTPUTS | 2011/12 Outturn | 2012/13 Forecast | 2013/14 Indicative | 2014/15 Indicative | Total |
|---|--------------------|---------------------|-----------------------|-----------------------|--------|
| Get Britain Building - housing starts | | 10,000 | 5,900 | | 15,900 |
| Accelerated Land Disposal – housing starts | 45 | 344 | 1,550 | 1,200 | 3,139 |
| Total market housing completions ¹ | 7,688 | 3,471 | 2,493 | 19,525 | 33,177 |
| Dwellings made decent ² | 14,576 | 13,000 | 22,000 | 27,000 | 76,576 |

Notes

1. Includes Get Britain Building, Kickstart, Property and Regeneration and Economic Assets Programmes.

2. Figures for decent homes outturn for 11/12 and forecasts for future years exclude London.

Table 6 shows other outputs that the HCA is delivering in support of the Government's regeneration and local economic growth objectives.

Table 6: Other outputs

| Land, Regeneration and Economic Assets Programmes | 2011/12 Outturn | 2012/13 Forecast | 2013/14 Indicative | 2014/15 Indicative | Total |
|--|------------------------|-------------------------|---------------------------|---------------------------|--------------|
| Previously developed land reclaimed (ha) | 182 | 94 | 114 | 91 | 481 |
| Employment floor space (sq m) | 149,109 | 185,658 | 320,774 | 395,337 | 1,050,878 |
| Housing capacity of land disposed | 3,809 | 3,370 | 3,432 | 3,511 | 14,122 |

In addition to the above measures, the HCA has agreed to monitor and report to the Department on a number of other input and impact indicators. These include, on housing, Affordable Rent - Payment per Dwelling (from 2012/13) and housing starts on site as lead indicators of housing completions. For the Property and Regeneration and Economic Assets Programmes we will also monitor and report on private sector investment levered and jobs potential created.

Annex - Summary of Operating Area Priorities

East South East (ESE)

How we will work

Our plan is shaped by two key imperatives:

- Responding to fast **population growth** which drives strong demand for housing, puts acute pressure on the existing housing stock and means a high level of need for affordable housing.
- Realising the significant opportunities for the Agency to support local **economic and housing growth** through the development and disposal of land and economic assets.

Our strategic approach will be focused on:

- **Working with partners** on the priorities of local authorities and their Local Enterprise Partnerships through local investment planning and stewardship panels;
- Ensuring that development of assets and delivery of housing **supports economic development**;
- Supporting local partners to unlock growth through the **provision of infrastructure**, including supporting local partners to maximise the impact of the Growing Places Fund, New Homes Bonus, Community Infrastructure Levy and other funding sources; and
- Deploying our **commercial expertise** to ensure maximum impact and value for money from public assets and investment for our local partners and Government.

We will also support the Government's Housing Strategy implementation, particularly through:

- Unlocking stalled sites including through **Get Britain Building** and supporting the renegotiation of s106 agreements (for example unlocking the development of 100 homes at Cheeseman's Green, Ashford);
- Innovations such as piloting **land auctions** and promoting **custom build** (Hastings has been identified as one of three the pilots areas to trial land auctions and Custom Build is being promoted at Upper Tuesley near Godalming);
- Working with local Partners on a number of **locally planned large scale developments** (Northstowe in Cambridgeshire is the biggest new settlement in England and will deliver circa 10,000 homes); and
- Supporting a thriving **private rented sector** (for example through the development of our land on a build to rent basis at Spencers Park in Hemel Hempstead).

Prioritisation

In the East and South East we are focusing on six key spatial priorities where we can have the greatest impact on increasing housing supply, economic growth and Housing Strategy objectives, in places identified in local investment plans and Local Enterprise Partnership priorities:

- **Northstowe**, in South Cambridgeshire, with project land covering 972 ha, of which 289 ha is owned by HCA, it is the biggest single housing growth site in the country and a national priority for the HCA and Government;
- **Norwich**, where we have a partnership to develop 32 ha of Council owned land and lever an estimated £84 million of private sector investment leading to a minimum of 840 housing completions;
- **Crawley**, where we are bringing together land owned by the HCA, the council and private sector partners to deliver new homes and employment;
- **M2 / M20 Corridor - North Kent, Ashford and Dover** includes significant economic assets which deliver new commercial space and additional employment as well as new homes;
- **A41/A414 Corridor – Aylesbury, Hemel Hempstead and Hatfield** includes significant housing growth sites on HCA land as well as regeneration of the town centre at Hatfield and
- **A12/A13 Corridor Basildon, Chelmsford and Colchester** includes new housing on former hospital sites, as well as new homes, regeneration of existing housing estates and new employment space in Basildon.

In addition, our thematic priorities will make a significant contribution to delivering both local and national priorities:

- Supporting local **regeneration in coastal areas**, including declining seaside towns and other deprived communities;
- Facilitating growth and regeneration in the **New Towns** through development of our land assets;
- Meeting the affordable housing needs of **rural communities**, including through support for community led housing solutions including the Community Right to Build; and
- Accelerating the disposal and development of **public land** assets.

Midlands (Mids)

How we will work

Our plan is shaped by a number of key factors and priorities. In particular:

- Parts of the Midlands are suffering from high unemployment and economic stagnation that is persisting longer than in other parts of the country – often as a by-product of long term restructuring away from manufacturing industries in urban areas. We need to **support economic growth in the areas of most need** and in places **where we are able to make the most impact** with the limited resources to hand.

Our strategic approach is to **support economic growth** and will be driven by:

- **Completing existing commitments** and legacy projects that deliver major transformation (for example, North Coventry, North Solihull, Corby, Stoke, coalfields and i54);
- Focusing efforts on areas containing the largest **concentrations of HCA land assets** (examples include clusters of sites in Telford, Northampton and Milton Keynes; and economic assets in Birmingham and the Black Country);
- **Disposing quickly of non-strategic and market ready economic development assets** and using income to de-risk remaining Economic Assets Programme sites in line with the local stewardship arrangements; and
- Continuing to support Milton Keynes council's aspirations to transfer our land assets and planning powers to them, working closely with the government.

We will also support the Government's Housing Strategy implementation, particularly through:

- Responding to Local Enterprise Partnerships for **support on the Growing Places Fund** to help fund infrastructure (for example Stoke and Staffordshire, Greater Birmingham & Solihull and Black Country Local Enterprise Partnerships);
- Using residual land assets and accelerated **public land disposal** to support growth and establish a pipeline of public land for development;
- Working with local partners on a number of **large scale, locally planned developments** (for example the proposed Rugby mast site); and
- Supporting the **Empty Homes programme and Custom Build** on HCA owned sites (for instance in Milton Keynes and potentially Wilson road, in Hanford, Stoke) as well as supporting **Community Led Development**.

Prioritisation

We are developing local programmes of investment and enabling support to address key spatial priorities, each accompanied by a clear delivery plan, risk management plan, and performance objectives and targets.

These will be under two major themes:

- **Urban regeneration**, where support for areas like Birmingham, Nottingham, Derby, and the Black Country will help boost job opportunities in these economic hubs, while

areas near the south east boundary, such as the M1 corridor, have the capacity to undertake major growth.

- **Rural sustainability**, where HCA support, investment, labour initiatives and enabling can unlock the supply of affordable housing, boost rural job creation, open up local supply chain opportunities and generally improve the attractiveness for inward investment in rural areas across the Midlands.

Our key spatial priorities include:

- Derby (e.g. Manor Kingsway hospital and Castleward);
- Nottingham city growth (e.g. Nottingham Enterprise Zone, Nottingham Waterside, Stonebridge Park, The Meadows, edge of city coalfield sites);
- Bedford & Luton (M1 corridor housing growth and unlocking infrastructure);
- Northampton (HCA owned land, as well as major projects like Upton and Ransome Road);
- Birmingham (joined up Local Enterprise Partnership plan for economic and housing growth, and the City Deal (includes Longbridge, Icknield Port, Aston);
- M54 corridor (Wolverhampton, Staffordshire & Telford) i54 connecting assets at Telford and interests in Wolverhampton and Staffordshire to support growth and a supply chain; and
- Existing Commitments and Legacy Projects (including North Coventry, North Solihull, Corby, Stoke, Nottinghamshire coalfields and Economic Assets Programme commitments such as i54).

North East Yorkshire the Humber (NEY&TH)

How we will work

Our plan is shaped by a number of key factors and priorities:

- **Focusing on regeneration to deliver future growth** in our core cities and economic axes while bringing forward strategic sites that will drive growth in the medium and long term;
- Helping **rebalance the economy** through supporting the ambitions of the Local Enterprise Partnerships, underpinning future growth in specific sectors of the economy, and addressing the reliance on public sector jobs, as well as meeting the needs of rural communities; and
- **Sustaining momentum** on current housing and regeneration projects, aiming to scale back our input at the optimum point on historic schemes and projects.

Our strategic approach will be driven by:

- Accelerating housing growth through **optimising the use of HCA and public sector assets** to stimulate markets, shaping opportunities presented by economic assets;
- Phasing future investment and exploring mechanisms to **get places to a tipping point** where the private sector will take the lead;
- Supporting partners to develop proposals that successfully **compete for national funds**;
- Responding enthusiastically and proactively to the **Core Cities** agenda, supporting emerging aspirations (for example in Leeds, Sheffield, and Newcastle and Gateshead); and
- Ongoing **innovation**, including Joint Ventures in Newcastle and Gateshead, Durham's developer panel and the Sheffield Local Housing Company.

We will also support the Government's Housing Strategy implementation, particularly through:

- Delivering **Get Britain Building** and using our learning from Kickstart to secure value for money and recoverability;
- Working with communities to deliver small-scale **community-led** projects and Custom Build;
- Working with a number of local authorities, at their request, on potential options for the **future of housing stock** – including stock transfer;
- Supporting local authorities in meeting their ambitions for **quality and sustainability; and**
- Piloting an innovative Building Information Modelling (BIM) project to drive the **efficiencies** agenda.

Prioritisation

We have identified seven priority places where the scale of potential intervention in a defined area by the HCA (and others) through funding, land, assets and enabling could result in demonstrable impact: Three of these are centred on Core Cities and six include one of the current wave of Enterprise Zones:

- Tyne Riverside And South East Northumberland;
- Sunderland City Centre And A19 Corridor;
- Durham City;
- Tees Valley;
- Leeds Bradford Economic Axis;
- Hull And North Humber Economic Axis; and
- Sheffield Rotherham Economic Axis.

We have also identified cross-cutting themes, two of which are closely aligned to the housing strategy:

- **Accelerating housing supply and economic growth** where we can add value to bring forward new homes and sites for other uses, including, and in addition to, activity in the priority places; and
- **Responding to Communities** and to the different needs of communities, including the provision of new affordable homes, supported housing, rural housing, making best use of existing homes, custom build, community-led development.

We also recognise the significance of the **national coalfields programme** in the southern part of the Operating Area, where substantial work is still required.

North West (NW)

How we will work

Our plan is shaped by a number of key factors and priorities that shape the way we work. The North West is a place of great contrast and diversity encompassing large conurbations, coastal towns and remote rural areas across Cheshire, Cumbria, Lancashire and the City Regions of Liverpool and Greater Manchester. Each place exhibits a **distinct set of economic characteristics**, market dynamics, opportunities and challenges which we capture within the 7 Local Investment Plans which form the foundation of HCA activity in the North West.

Our strategic approach will be driven by:

- A **strong appetite for growth** and we will pursue new tools and models which can increase the scale and speed of new housing delivery and improve access to homes;
- Working with **Local Enterprise Partnerships** to help unlock growth and rebalance those places with under performing economies – such as Liverpool, Pennine Lancashire and Blackpool; and
- A strong focus on building on local freedoms and flexibilities, especially in the **Core Cities**, developing deals to meet locally determined priorities.

We will also support the Government's Housing Strategy implementation, particularly through:

- A clear focus on and need for **heritage-led renewal** and bringing the largest number (123,000) of long-term **empty homes** in the country back into use;
- Bringing forward development on the **significant asset and land holdings** of HCA, and working with other public bodies to support their drive to best utilise their assets;
- Working collaboratively to share skills and ideas to unlock the potential of **community led development**; and
- Supporting a thriving **private rented sector** (for example through the development of build to rent in Manchester).

Prioritisation

We continue to work closely with partners to develop effective solutions which support local priorities, maintaining existing commitments and developing new approaches which unlock growth and new investment opportunities. Key spatial priorities are centred on growth in:

- **The Core Cities** – Manchester and Liverpool which possess significant potential within the context of the global economy;
- **Connected Towns** – Towns such Warrington and Preston which are located at strategic trading points, with access to large labour pools and existing transport infrastructure;
- **Historic Towns** – Towns such as Chester which have strong residential profiles and attractive centres; and
- **Former Industrial Towns** – like Burnley, where strategy has historically focused on economic deprivation and housing market restructuring to help move towards a growth based approach.

In addition to the spatial priorities highlighted above, there are a series of priority themes within NW Local Investment Plans and these will be used to help focus our investment, enabling, and land and asset resources:

- Increasing supply through **efficient use of land** and commercially led development;
- Identifying new routes to help meet the **housing aspirations** of families and strengthening demand; and
- Supporting the transition of places to a **growth focused** approach.

South and South West (SSW)

How we will work

Our plan is shaped by a number of key factors and priorities:

- High house prices and low wages leading to significantly increased **affordability** issues, including rural affordability;
- An increase in housing need coupled with low housing **supply**;
- Pockets of significant **deprivation**; and
- Opportunities to increase **employment growth** and business start ups.

Our strategic approach will be focused on:

- Continuing to **work with partners** to refresh Local Investment Plan priorities as well as engaging with Local Enterprise Partnership chairs to discuss the HCA's role, their priorities, infrastructure bottlenecks that need to be addressed and how we can work together effectively;
- **Utilising public land assets**, initially those within LA and HCA ownership and then those held locally by Central Government Departments (e.g. MOD, NHS, DFT) brokering the assembly of land portfolios;
- **Innovating**, including through support for Local Housing Companies, development for market rent and promoting the use of the Developer Partner Panel;
- **Unlocking Brownfield regeneration sites** (including investment in land and infrastructure) and **supporting viability** assessments and S106 negotiation; and
- Working with ATLAS colleagues on a number of **large developments/ urban extensions** providing design and technical advice and support, and helping assisting to draw up scheme and development proposals.

We will also support the Government's Housing Strategy implementation, particularly through:

- **Accelerated land disposal**, including Build Now, Pay Later (for example, Park Prewett former hospital site); and
- Shifting power to the 'people, families and communities of Britain' through **Community-led development**, utilising the new tools made available under the Localism Act 2011 and the upcoming changes to the Planning Framework, as well as custom-build (for example, Kingswear and Torpoint).

Prioritisation

Following work with our partners, the SSW has identified the key strategic priorities for investment and enabling support. We will continue to work with partners, including Local Enterprise Partnerships, through our Stakeholder Engagement Strategy to monitor delivery in these priority areas.

- **The West of England Local Enterprise Partnership**, including Temple Quay Enterprise Zone in Bristol, Bath Western Riverside, Bristol & Bath Science Park and Locking Parklands;

- **The Solent Local Enterprise Partnership**, including PUSH, Cities First, Isle of Wight Public Land and the Solent Enterprise Zone at Daedalus;
- **The M4 Innovation and Growth Corridor**, including Swindon, Science Vale Enterprise Zone in Didcot and Slough;
- **Camborne, Pool and Redruth** including Trevenson Park and Dolcoath in Cornwall; and
- **Plymouth Western Waterfront** Regeneration including North Prospect, Millbay and Devonport.

In addition, the following priority themes will help focus resources in 2012-15:

- **Town Centre Regeneration;**
- **Growth and Urban Extensions;**
- **Estate Regeneration;**
- **Failing Coastal and Market Towns;**
- **Rural and Community Regeneration; and**
- Working with and encouraging partners to develop supported and **older persons housing**.

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