

The Rt Hon Jeremy Hunt MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

12 October 2023

Dear Chancellor,

The Northern Housing Consortium is a not-for-profit membership organisation whose members own or manage 9 out of 10 socially rented homes in the North. Our members are councils, housing associations, ALMOs and combined authorities, who we bring together to develop insight, influence and solutions. We are the collective voice of housing in the North.

At this Autumn Statement, we are focusing our representation on the:

1. Pressing need to **alleviate affordability** pressures in the **private rental sector**
2. Requirement for government to **provide long-term funding certainty** for the **de-carbonisation** of our social housing stock
3. Need to **effectively resource local authorities** so they can fulfil their monitoring and enforcement responsibilities with respect to the **Decent Homes Standard**

## 1. Private Rental Sector Affordability

Renting in the private rental sector for those on low incomes is becoming increasingly unaffordable across the North.

While Local Housing Allowance rates have been frozen since 2020, between 2019/20 and 2022/23 rents have risen by 15% in Yorkshire and Humber, by 12% in the North West and by 10% in the North East. We now find ourselves in the position where **only 7% of two-bedroomed properties let in the North of England** are accessible for people reliant on the Local Housing Allowance. In the North West, the situation is more extreme, with only 4.9% of two-bedroom properties being available.

These increasing affordability pressures are leading to **significant rises in homelessness**, with our local authority members reporting substantial rises in the numbers of homeless presentations they experience.

- In the most recent edition of their homelessness monitor, homelessness charity Crisis found that **83% of local authorities in the North are experiencing increased numbers of households seeking homelessness assistance** compared to the preceding 12 months, while **rough sleeping numbers have increased by 15%**.
- Changes to financial support for private renters were identified as the single largest challenge, with **95% of respondents reporting that the refreezing of the Local Housing Allowance has been 'very' or 'somewhat' challenging** in their efforts to prevent or alleviate homelessness within their areas.

This is making it increasingly difficult for local authorities to effectively discharge their homelessness duties, and **only leads to additional costs for government**, through the use of expensive temporary accommodation. With record numbers of children now sleeping in temporary accommodation, such as B&Bs, it is critical that government take action to alleviate this situation, and ease housing affordability pressures for those on low incomes.

### **How UK Government can help:**

We believe UK Government can make a significant contribution to increasing housing affordability and reduce future homelessness by **restoring the Local Housing Allowance (LHA) so it once again covers the 30<sup>th</sup> percentile of local rents**. It is also vital to re-link the LHA to the real cost of renting for future years, to ensure it genuinely reflects the cost of privately renting a home in the UK in 2023 and beyond.

## **2. Funds for Decarbonising Social Housing**

In 2020, government announced the £3.8 billion Social Housing Decarbonisation Fund, to support social housing providers to make their homes more energy efficient. So far, around £1.1 billion of funds have been made open for applications or given to housing providers in four waves (including the recently announced £80m for Wave 2.2). These funds are being put to good use by Northern housing providers, with 57% of measures installed using the funds to date being in the North.

The benefits of further investment in our housing stock will help make the UK's home fit for the future. Each household whose home is upgraded to EPC C from EPC D, E and F, will save approximately £680, £1,250 and £1,800 a year respectively. If all current homes in the North reached EPC C, residents would make cumulative savings of around £3 billion every year. Research by ourselves and IPPR North showed there is potential for 77,000 new jobs related to retrofit across the North, with a total GVA increase of £3.85 billion by 2035. There are also extensive potential health benefits, with Age UK research finding that cold homes cost the NHS £1.36 billion per year through the contribution of cold homes to preventative illnesses.

**With around a quarter of the North's emissions coming from our homes, it is clear that there is no viable route to net zero that does not include extensive housing retrofit.** Much more needs to be done however, to make significant progress on decarbonising our social housing stock. There are currently around 3.6 million homes across the North that are below EPC C and will require retrofit between now and 2035 to meet government's targets, but we are not making progress at the pace required. The short-term nature of current decarbonisation funding means that housing providers cannot effectively plan their long-term investments in energy efficiency with the confidence that government funding will be there to support them. This means that our energy efficiency drive is slower than it could be, and that supply chains cannot effectively scale up to meet predictable, increasing demand.

### How UK Government can help:

Government can provide further clarity and certainty for the housing sector by **releasing the money that remains unallocated from the Social Housing Decarbonisation Fund**, or by laying out how subsequent SHDF waves will allocate the remaining funds, including an indicative timeline of how much funding will be available to providers each year.

Beyond this, we believe that a long-term energy efficiency funding commitment of **£6 billion per year across all housing tenures** would be of the scale required to allow housing providers to plan their investments with confidence, and for supply chains and skills providers to appropriately scale up.

### 3. Decent Homes Enforcement

Finally, we would request **additional funds to ensure that homes in the North are of a high standard and safe**. We wholeheartedly support the government's ambition to half the number of non-decent homes and to target the areas where performance is currently worst, as set out in the *Levelling Up White Paper*. We also support the government's plans to update the Decent Homes Standard and apply it to both the social and privately rented housing sectors equally for the first time.

The **estimated cost of bringing all homes in the North up to the existing Decent Homes Standard is c.£8 billion**, before any additional costs associated with an updated Standard are considered. Housing providers, private landlords and owner occupiers will require some financial support to accelerate investment in homes to ensure compliance with the updated Decent Homes Standard as soon as possible.

While the introduction of a minimum standard of decency in the private rented sector will provide an easy-to-understand measure for landlords and local authorities, the success of these plans will be determined by the effectiveness of the associated inspection and enforcement regime.

**Local authorities will need to have the capacity and expertise within their workforces to effectively monitor, assess and enforce the Decent Homes Standard to the private rental sector.**

- It is critical to stress that spending on housing services in Northern local authorities has reduced by 54% since 2010, compared to 34% across England as a whole.
- Recent data from the Department for Levelling Up, Housing and Communities showed that the most common local authority enforcement team size is between two and five Full Time Equivalent (FTE) staff - with 26 local authorities currently having between zero and one FTE staff working on housing enforcement.

The application of the Decent Homes Standard to the private rental sector will represent a significant increase in demand on local authority enforcement teams, and many authorities will need to substantially increase their capacity in this area to effectively enforce the Standard.

**How UK Government can help:**

To ensure the success of applying the Decent Homes Standard to the private rental sector for the first time, government **must provide additional funds to local authorities for the specific purpose of increasing capacity within their housing enforcement teams**, ensuring that they are able to rigorously apply the Standard, and ensure homes are warm, safe and of a high quality.

By focussing on these three areas, UK Government can make a substantial contribution to people's lives in the North of England and elsewhere across the UK.

Yours sincerely,

Brian Robson  
Executive Director, Policy and Public Affairs