



AGENDA

SELECT COMMITTEE - AFFORDABLE HOUSING

Tuesday, 18th February, 2020, at 10.00 am

Ask for: Gaetano Romagnuolo

**Wantsum Room, Sessions House, County Hall,
Maidstone**

**Telephone gaetano.romagnuolo@
kent.gov.uk
03000 416624**

Tea/Coffee will be available 15 minutes before the start of the meeting in the meeting room

Membership

Mr R J Thomas (Chairman), Mrs P M Beresford, Mr T Bond, Mr D L Brazier, Mr P C Cooper, Mrs T Dean, MBE, Mr D Farrell, Ms S Hamilton, and Mr D Murphy

Please note: that the unrestricted part of this meeting may be filmed by any member of the public or press present.

By entering into this room you are consenting to being filmed. If you do not wish to have your image captured please let the Clerk know immediately.

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

Item No

- | | |
|------------------|---|
| 1 | Apologies |
| 10:00 -
10:45 | Jo Ellis (Town and Country Housing Group, Chair of the Kent Housing Group) and Sharon Williams (Ashford Borough Council, Vice Chair of the Kent Housing Group) (Pages 1 - 4) |
| 11:00 -
11:45 | Stuart Clifton (Chair of Kent Housing Options Group, Housing Advice Manager - Maidstone Borough Council) (Pages 5 - 8) |
| 12:00 -
12:45 | Carol Cairns (Head of Home Ownership and Supply (South East), Homes England) and Shona Johnstone (Senior Strategy and Markets Manager, High Growth and New Settlements, Homes England) (Pages 9 - 56) |

EXEMPT ITEMS

(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)

Benjamin Watts
General Counsel
03000 416814

Monday, 10 February 2020

Kent County Council

Affordable Housing Select Committee

Biographies

Jo Ellis

Town and Country Housing Group, Chair of the Kent Housing Group

Jo Ellis has worked in the housing sector for the last 30 years in a range of national, regional and local housing organisations. Since 2012 she has been employed by Town and Country Housing Group as the Operations Director responsible for service delivery to their 9,000 homes in Kent and East Sussex.

She is proud to hold a non-executive role as a Chair of Kent Housing Group and Chair of the Chartered Institute of Housing South East branch.

Her previous roles include Chief Executive at Eastbourne Homes, Group Housing Service Director at Swan Housing Group and Housing Services Director at West Kent Housing Association.

Sharon Williams

Ashford Borough Council, Vice Chair of the Kent Housing Group

Sharon Williams is the Vice Chair of the Kent Housing Group. Sharon has a 35-year long experience in housing. Her background is, more specifically, in homelessness, housing advice and managing access to social housing.

Since 2015 Sharon has worked as Head of Housing at Ashford Borough Council, which is a stock holding local authority with just under 5,000 properties. The role covers all aspects of housing, including housing development, housing strategy, management and maintenance - under the Borough Council's landlord functions and responsibility for homelessness, housing advice and the housing register for access to social housing in the Borough.

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Kent County Council

Affordable Housing Select Committee

Hearing Day 3

Tuesday 18th February 2020

Witness Guide for Members

Below are suggested themes and questions. They have been provided in advance to the witnesses to allow them to prepare for the types of issues that Members may be interested to explore. All Members are welcome to ask these questions or pose additional ones to the witnesses via the Committee Chairman.

Themes and Questions

Jo Ellis, Town and Country Housing Group, Chair of the Kent Housing Group

Sharon Williams, Ashford Borough Council, Vice Chair of the Kent Housing Group

- Please introduce yourselves and provide an outline of the roles and responsibilities that your posts involve.
- What is the Kent Housing Group (KHG)? Please discuss the KHG's main role and objectives.
- How does the KHG contribute to improving the supply and quality of affordable housing in Kent?
- In your view, what are the main opportunities and challenges associated with affordable housing in Kent?
- In your opinion, can opportunities for collaborative working in relation to housing and affordable housing in Kent be expanded and improved? If so, how?
- In what ways, if any, can access to grant funding to support the development of housing projects in Kent be maximised?

- Please discuss the importance of housing to support the health and social care agenda
- What more should KCC do, if anything, to promote the delivery and provision of affordable housing in Kent?
- Are there any other issues, with relevance to this review, that you wish to raise with the Committee?

Kent County Council
Affordable Housing Select Committee

Biography

Stuart Clifton

Chair of Kent Housing Options Group, Housing Advice Manager at Maidstone Borough Council

Stuart Clifton has been the Housing Advice Manager at Maidstone Borough Council for over three years, and has had over fourteen years' experience of working in the areas of housing and homelessness. Stuart is responsible for managing the housing advice and triage service, supporting the delivery of our homelessness prevention and relief activities and innovations to become a proactive service. He currently is the Chair of the Kent Housing Options Group, having taken on this position in October 2019.

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Kent County Council

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Themes and Questions

Stuart Clifton

Chair of Kent Housing Options Group, Housing Advice Manager at Maidstone Borough Council

- Please introduce yourself and provide an outline of the roles and responsibilities of your posts.
- What is the demand for affordable and social housing in Kent?
- In your view, what are the main challenges experienced by Local Housing Authorities with regards to the provision of affordable housing in Kent?
- What are the main issues, if any, in relation to the housing of Kent's most vulnerable people?
- In your view, what more could KCC do, if anything, to support the development and provision of affordable housing in Kent?
- Are there any other issues, with relevance to this review, that you wish to raise with the Committee?

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Kent County Council

Affordable Housing Select Committee

Biographies

Carol Cairns

Head of Home Ownership and Supply (South East), Homes England

As Head of Home Ownership and Supply for South East, Carol manages delivery of the Homes England affordable homes grant funding for the region and plays a lead role in driving up the scale and pace of affordable housing delivery, working closely with local authorities, registered providers of affordable housing and developers.

Carol has more than thirty years' experience as a project and programme manager, with fifteen years working for Homes England (and predecessor organisations). Over this time she has played a lead role in facilitating housing delivery of all tenures across a range of Homes England enabling and investment initiatives.

Shona Johnstone

Senior Strategy and Markets Manager, High Growth and New Settlements, Homes England

Shona joined Homes England in 2019 from the Department for Transport, where she worked on projects as varied as strategic road studies, solutions for Operation Stack and the consultation on the third runway at Heathrow. Prior to this she had a long career as a councillor in Cambridgeshire, leading the environment and transport and children's services portfolio, as well as Council Leader and lead for scrutiny. She was an LGA peer, providing advice and support to local authorities on a range of topics, including governance and environmental policy.

In her current role in Homes England, Shona provides leadership for housing proposals in the Thames Estuary and more broadly in areas of high affordability, along with the development of capacity within local government to respond to the government's challenge to build a million new homes over the course of the Parliament.

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Themes and Questions

Carol Cairns, Head of Home Ownership and Supply (South East), Homes England

Shona Johnstone, Senior Strategy and Markets Manager, High Growth and New Settlements, Homes England

- Please introduce yourselves and provide an outline of the roles and responsibilities of your posts at Homes England.
- Please provide a brief overview of the key functions and objectives of Homes England.
- Please provide an outline of the Government's overarching policy on housing and affordable housing.
- What is "affordable housing"?
- What is the Shared Ownership and Affordable Housing Programme 2016-2021?
- How does housing affordability in Kent compare to housing affordability nationally?
- Please provide an outline of the affordable housing programmes in Kent which are funded by Homes England.

- In your view, what more could KCC do, if anything, to support the delivery and provision of affordable housing in Kent?
- Are there any other issues, with relevance to this review, that you wish to raise with the Committee?



Homes
England

Making homes happen

Strategic Plan

2018/19 – 2022/23

How to read this plan

To find out about what we do and why we exist we recommend that you read ***Who we are*** and ***Why we are needed***.

To find out about how we work with partners to deliver the homes that England needs we recommend that you read ***Our offer***.

To find out about our activities over the next five years we recommend that you read about ***Our mission*** and ***Our objectives***.

To find out about how we will measure our success we recommend that you read about ***Our impact***.

To find about our organisation, how it is changing and what we will be like to work with we recommend that you read ***Achieving our plan***.



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Foreword



Sir Edward Lister
Chairman

Housing is one of the defining issues of our time. The affordability pressures we are experiencing today have been decades in the making.

At the most basic level, we have not been building enough homes. This has led to soaring house prices and rising rents.

Nationally, the average house now costs eight times the average income. In some places that number rises well into double digits. As a result, a whole generation can no longer afford to get on the housing ladder.

We desperately need more homes in the right places, where people want to live.

The government has a clear ambition to increase the levels of housebuilding. The aim is to be delivering 300,000 new homes a year on average.

We have made real progress in the last five years but we now need to go much further. In the next five years we will need to make significant changes to the way we deliver homes.

Ultimately, we need to disrupt the housing market.

That is why government has established Homes England and we are already striking bold deals and forming new types of innovative partnerships to shake up housing delivery.

It is just the start. This five-year strategic plan sets out our ambitious new mission and the steps we will take with industry to respond to the long-term housing challenges facing this country.

We plan to be bold, creative and think big. We hope the whole of the housing sector – big and small, up and down the country – will join us for the next five years and beyond.



Nick Walkley
Chief Executive

Our ambition is to create a new type of delivery agency that will play a far more active role in the housing market. We will also show leadership on design, diversity and modernisation.

We will be a national agency committed to a place-based approach, working alongside civic and business leaders, combined authorities, county, borough and district councils and local enterprise partnerships.

We will use our land, money, powers and influence to increase the pace, scale and quality of delivery. This will accelerate the delivery of new homes in areas of greatest demand and help to create great places.

That doesn't mean we will build the homes ourselves. It means we will intervene in the right places at the right time to change the market, by working with ambitious partners and being more intelligence-led in our decision-making.

We are already making real progress and showing how we intend to operate differently in future – unlocking important land, funding builders of all sizes and creating new commercial partnerships.

High-profile deals we have forged in recent months include: major land acquisitions in Sussex and

Plymouth; a £1bn lending alliance with Barclays to support smaller builders; a new joint venture with Kier's residential arm; two waves of strategic partnerships with housing associations; and significant progress on major developments at Daedalus, Ebbsfleet and Northstowe.

Converting this momentum into sustained delivery requires a more strategic and assertive approach to getting homes built. This five-year strategic plan sets out our thinking.

Internally, we are transforming our organisation by recruiting new expertise, increasing collaboration across teams and regions and modernising our digital operations.

However, we cannot deliver our mission alone. Our job is to work in partnership with all players in the sector and beyond. This plan is our invitation to you – across construction, design, development, housing associations, local government and other partners.

We welcome partners who share our ambition to challenge traditional norms and build better homes faster.

1

Who we are

Who we are

We're the government's housing accelerator. We have the appetite, influence, expertise and resources to drive positive market change. By releasing more land to developers who want to make a difference, we're making possible the new homes England needs, helping to improve neighbourhoods and grow communities.

We welcome partners who share our ambition to challenge traditional norms and build better homes faster. Join us in breaking new ground to make this happen.

We are a new non-departmental public body, sponsored by the Ministry of Housing, Communities and Local Government. We exist to accelerate the delivery of housing across England, except in London where much of this role is devolved.

We're a national agency with experts based in offices across the country. With nearly 750 full-time employees our ambition is to double in size over the next 18 months, to broaden our skills base and drive the delivery of more housing.

We're governed by a Board, appointed by the Secretary of State for Housing, Communities and Local Government, and led by Sir Edward Lister. Our Chief Executive, Nick Walkley, leads an executive team that includes specialists in land, investment, finance and risk management.

Our role is to ensure more people in England have access to better homes in the right places. To make this happen we intervene in the market to get more homes built where they are needed. We accelerate delivery, tackle market failure where it occurs and help to shape a more resilient and diverse housing market.

We work in collaboration with partners who share our ambition. These include local authorities, private developers, housing associations, lenders and infrastructure providers. Our activities are always in response to local needs and robust leadership ensures we deliver best value for money in all of our interventions, including those delivered with partners.

Within the next few years, we will have invested over £27 billion across our programmes.



Over the **next five years** we'll help more people in England to access better homes in the right places by:



Delivering home ownership products, such as Help to Buy



Unlocking and enabling land



Providing investment products, including for major infrastructure



Supporting the affordable housing market



Supporting Modern Methods of Construction (MMC)



Addressing the barriers facing smaller builders



Providing expert support to priority locations



Our offer

We have an ambitious vision to make the housing market work. But we cannot deliver this alone. That's why it's our job to work with partners across the sector. We will make the following commitments to our partners and ask that you work with us to deliver the homes England needs.

Local authorities and places

We know that there are local obstacles to delivery and our activity will be guided by your plans, insight and leadership. Our infrastructure investment can unlock new sites and we'll support the most ambitious local authorities in turning their visions into reality. For example, by sharing our expertise and professional skills, brigading our resources and through schemes such as the Garden Towns and Villages programme. We'll also make our procurement frameworks available to help you access the specialist services you need to accelerate the supply of new homes.

In return, we ask that you make housing delivery a top priority, particularly in areas of England with the greatest need, by continually developing ambitious plans. We also encourage you to work with one another to share best practice and, where appropriate, partner for delivery.

Private developers

We'll seek to boost supply, productivity, innovation, quality, skills and the use of MMC in the housing market. We'll also help to shape a more diverse and resilient market. Our investment will help smaller builders scale up, so that they can access funding privately in their next round of expansion. We'll also unlock and enable sites for the full spectrum of housebuilders and directly deliver enabling infrastructure where necessary. In return, we ask home builders to commit to delivering the supply that local areas need at pace, and to building high quality homes and developments. We also ask that home builders invest in the next generation of the workforce through apprenticeships and skills training.

Housing associations

We'll continue to introduce greater flexibilities over how and when we invest in affordable housing, including through further Strategic Partnerships with ambitious providers. In return, we ask housing associations to be more ambitious in how they use their own resources and capacity to significantly increase housing delivery.



Lenders and institutional investors

Our investment team will offer greater access to projects which increase supply and/or regenerate priority places. We're also open to creative options for providing long-term, low-risk investment opportunities. In return, we ask that you be more active in addressing the housing crisis, leveraging your significant funds and expertise to deliver new high-quality homes.

Infrastructure providers

We'll collaborate with you to make sure that the delivery of transport, utilities, and social and digital infrastructure is aligned with delivery of housing. We'll work together to plan for and take advantage of technological advances such as autonomous vehicles and smart cities. In return, we ask that you think about housing delivery when creating your plans, and collaborate with us so that we can coordinate delivery together.

Buyers and renters

We'll ensure that you have better access to decent and affordable housing. By providing loans to buyers and grant funding to Registered Providers, we'll support ownership and rental options such as Help to Buy, Shared Ownership, Affordable Rent and Social Rent. We will also continue to work with Ministry of Housing, Communities and Local Government in its ambition to tackle rough sleeping, by providing appropriate accommodation for rough sleepers and those currently living in hostels or refuges.

Our mission is to intervene in the market to ensure more homes are built in areas of greatest need, to improve affordability. We will make this sustainable by creating a more resilient and diverse housing market.



We'll unlock public and private land where the market will not, to get more homes built where they are needed.



We'll ensure a range of investment products are available to support housebuilding and infrastructure, including more affordable housing and homes for rent, where the market is not acting.



We'll improve construction productivity.



We'll create a more resilient and competitive market by supporting smaller builders and new entrants, and promoting better design and higher quality homes.



We'll offer expert support for priority locations, helping to create and deliver more ambitious plans to get more homes built.



We'll effectively deliver home ownership products, providing an industry standard service to consumers.

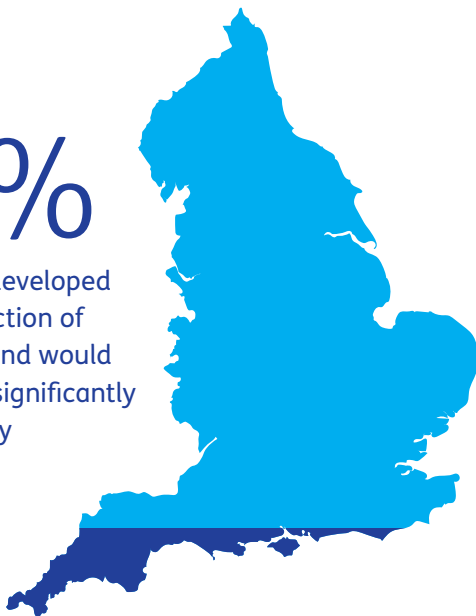
Why we are needed

England does not have enough homes in the right places. This means that housing is unaffordable in some places and unsuitable in others. The reasons for this include a shortage of land available for development, a lack of finance available for major infrastructure, low productivity growth in the construction sector and insufficient market diversity.

Through each of our six strategic objectives we are committed to tackling the underlying causes of England's housing crisis, ensuring that more people have access to a home they can afford.

11%

of England is developed and only a fraction of developable land would be needed to significantly increase supply



There is a shortage of land available for housing, particularly in the least affordable areas.

Over many years there has been a lack of viable and developable land available for housing. This is one of the key reasons for the undersupply of homes. Yet only around 11% of England is developed and only a fraction of developable land would be needed to significantly increase supply. For example, there are 26,000 hectares of brownfield land available, with capacity for one million homes. In addition, central and local government owns surplus land with capacity for over 160,000 homes.

However, a combination of fragmented land ownership, planning uncertainty, remediation and servicing costs, and a lack of strategic infrastructure mean that land is still a barrier to increasing home building.

This is why we'll unlock public and private land where the market will not, to get more homes built where they are needed.

Investment, including in major infrastructure, is often required to unlock and support the development of new and affordable homes.

Too often the availability and terms of finance, especially for parts of the construction sector that are considered higher risk and less commercially viable, constrains housing delivery.

Since the global financial crisis many of our partners have reported difficulties accessing capital. In particular, there has been little commercial lending to smaller house builders, and where it does take place it is often on highly restrictive terms. Equally, a lack of coordination and commercial appetite for investing in strategic infrastructure can constrain housing development.

Despite the continued growth of the private rented sector, attracting institutional investment will remain difficult until confidence in the sector grows. Housing associations also need funding stability to continue to leverage private finance and increase the delivery of new affordable homes.

This is why, where the market is not acting, we'll ensure a range of investment products are available to support housebuilding and infrastructure, including more affordable housing and homes for rent.

Productivity growth in the construction industry has been low, constraining the capacity of the sector to deliver more and better homes.

For too long, the construction industry has broadly followed a business-as-usual model.

Productivity and innovation growth has been low for the past 25 years and continues to lag behind the UK economy as a whole. Based on current entrant levels the construction sector could see a 20-25% decline in the workforce by 2026, with skills shortages particularly acute in traditional areas of construction such as brick-laying and plastering.

Potential decline in the construction sector workforce

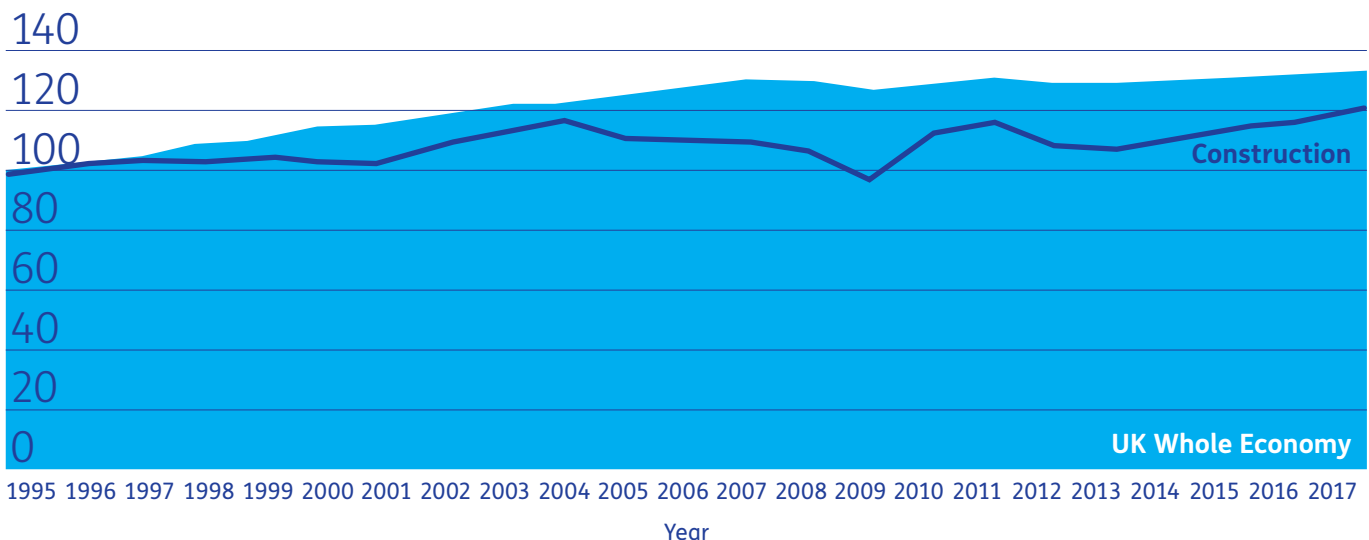


The increase in housing completions in recent years has magnified this problem, with a shortage of construction and professional skills alongside supply limits on traditional building materials. At the same time, while there is increased interest in Modern Methods of Construction (MMC), take up is being held back. This is due to a number of challenges, including limited production and skills capacity.

This is why we'll improve construction productivity.

Change in output per hour in the construction industry compared to the UK economy as a whole

Source: Office for National Statistics, July 2018 | Index: 1994 = 100



The housebuilding market is increasingly made up of a small number of builders, meaning there is insufficient diversity, competition and capacity.

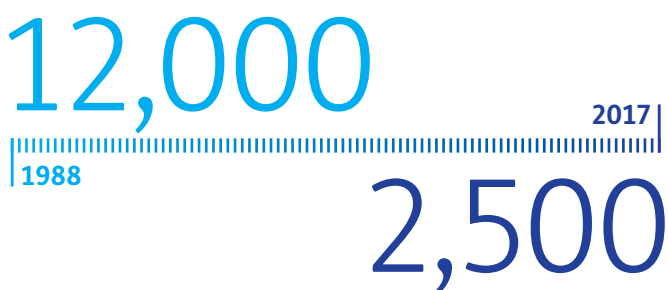
A study by the Home Builders Federation found that in 1988 more than 12,000 SMEs were responsible for nearly 40% of all new homes. In 2017, there were only around 2,500 SMEs active in the sector, responsible for just 12% of new homes. The financial crisis exacerbated this trend, meaning England is now increasingly dependent on a small number of big house builders.

We'll continue to work with big house builders, who play an important role on large and complex sites and who can support industry innovation with their greater resources and influence. However, the big house builders alone will not be able to deliver the homes that England needs and their dominant position can result in less consumer choice in design and the slower build out of sites.

There are a number of barriers preventing smaller builders from delivering a greater number of homes including: a lack of development finance; a land market weighted in favour of larger builders; and a complex planning system.

This is why we'll create a more resilient and competitive market by supporting smaller builders and new entrants. In addition, Homes England will work with house builders to promote better design and higher quality homes.

Decline in number of SMEs 1988 – 2017



Ratio of average house prices to workplace-based average earnings by region, 2017

Source: Office for National Statistics, April 2018



Housing is particularly unaffordable in certain parts of England. This requires us to tailor our interventions so that they address the specific obstacles in local housing markets.

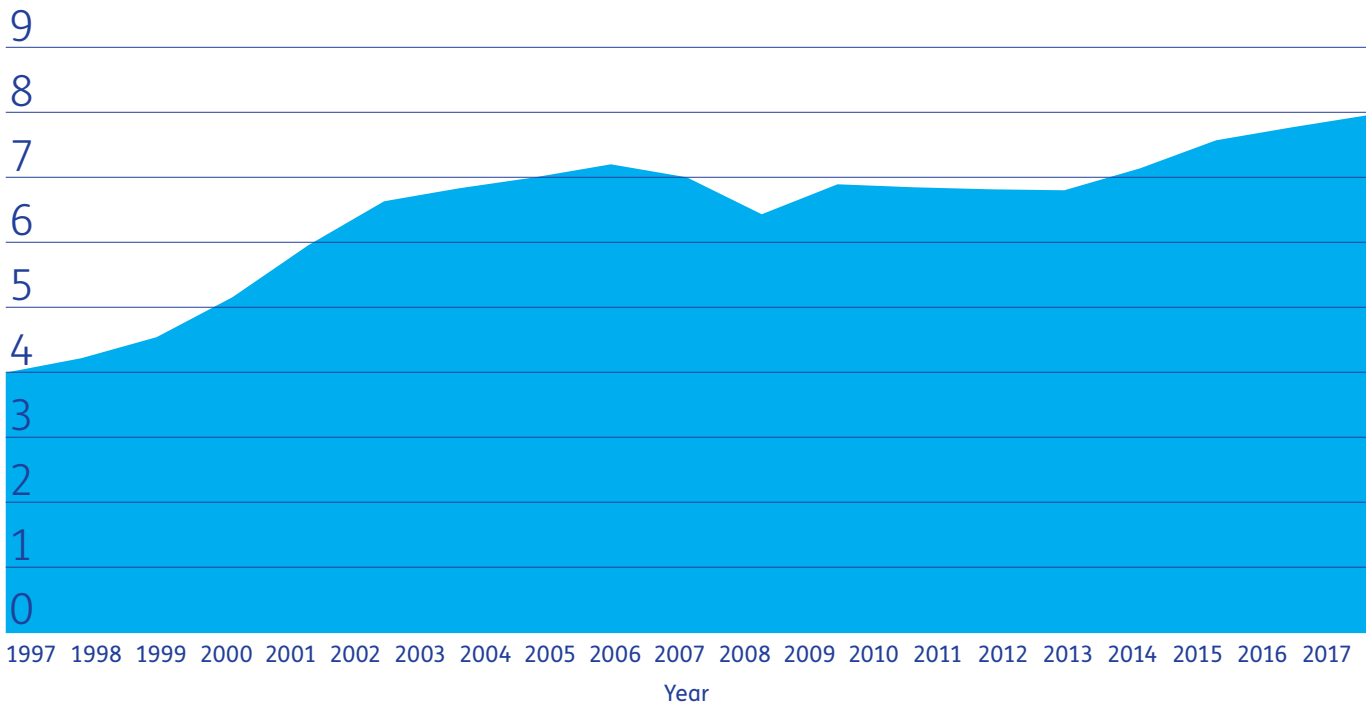
Although housing affordability is a problem throughout England it is particularly acute in certain areas. This is most notable in the South East, where the ratio of average house price to average income has reached 10.3.

In other parts of England opportunities for significant growth exist such as the development of High Speed 2 and new settlements.

This is why we'll offer expert support for priority locations, helping to create and deliver more ambitious plans to get more homes built.

Ratio of average house prices to workplace-based average earnings, England

Source: Office for National Statistics, April 2018



8x

An average home now costs almost eight times more than average earnings.

Millions of households are priced out of the housing market, with the ratio of average house price to income reaching record levels.

Demand for housing (driven up by an increasing population, decreasing household size and improved credit availability) has outpaced housing supply.

As a result, England has seen some of the highest house price inflation in recent years and has some of the least affordable areas in the OECD, with an average home now costing almost eight times more than average earnings. This means millions of younger families and first-time buyers are unable to purchase a home. As a result, owner occupation has gradually declined from a peak of 71% in 2003 to around 63% in 2014, where it has since remained. This trend should be reversed.

That is why we'll effectively deliver home ownership products, providing an industry standard service to consumers.

Our impact is measured using the key performance indicators set out below, with relevant targets set against these on an annual basis.

New homes

1.

Total completed new homes supported by Homes England

2.

Total completed homes which are additional to the market

3.

Total completed homes supported indirectly

Right places

4.

Share of funding to the 50% least affordable local authorities by the price: earnings ratio

Value for money

5.

Total economic benefit provided

Type of homes

6.

Total affordable completed homes supported by Homes England

7.

Total households supported into home ownership by Homes England

Shaping the market

8.

Share of transactions with low/medium volume housebuilders

9.

Share of supported completions using Modern Methods of Construction (MMC)

10.

Average Building for Life 12 score for supported completions

2

Our objectives



Unlocking land

We'll unlock public and private land where the market will not, in order to get more homes built where they are needed.

A lack of land available for housing, especially in the least affordable areas, has been one of the key reasons for England's undersupply of housing. Only around 11% of land in England is developed. A combination of fragmented land ownership, protective land use designations, a lack of infrastructure and other local barriers to development mean that we are not delivering sufficient land to meet England's housing need.

The government has introduced a range of measures to stimulate greater private sector land supply through the planning system. Reforms, beginning with the Housing White Paper and culminating in the revised National Planning Policy Framework, include a new standardised approach to assessing housing need and measures to maximise the use of brownfield land. These have been introduced against an improved planning environment: in the year ending June 2018, the planning system granted permission for 351,700 new homes, up 6% on the year ending June 2017 and up 26% on the year ending June 2016.

For the housing sector to sustainably deliver 300,000 homes a year on average, a long-term pipeline of developable land is needed. That is why we'll be more active in enabling land to come forward for housing, especially in the least affordable places.

By acting as a master developer, and using our £1.03 billion Land Assembly Fund, we will acquire challenging sites that the private sector cannot progress without public sector intervention. We'll also acquire sites which are not progressing into production on a commercial basis – for example, intervening where landowners cannot collaborate effectively or where planning and technical challenges are beyond the appetite of the private sector. Once we have

acquired land, we'll use our resources and expertise to bring these sites to market, supporting both major developers and small builders.

We'll also control a significant amount of public sector land. We have a responsibility to make best use of this and we support the government ambition to release surplus public sector land for housing. So, we will:

- Be transparent about our landholdings and act commercially in bringing land to market.
- Hold land for no longer than necessary, making sure that it is disposed of to support local plans and local ambitions.
- Dispose of land on terms that promote early development, economic growth and achievement of the government's diversification objectives.

In addition, we are significantly increasing our partnerships with other government departments to further support the release of surplus public land. Through our Small Sites Fund we will also support local authorities and other government departments, as well as the private sector, to unlock land and bring it to market. Our Local Authority Accelerated Construction programme will help to increase the speed of construction and build out, and encourage more widespread use of MMC and smaller builders on publicly owned land.

£1.03bn

Land Assembly Fund will bring forward sites that the private sector cannot



CASE STUDY

Master developer

In July 2018, Homes England acquired land around the Northern Arc in Burgess Hill to deliver more than 3,500 homes, alongside schools and leisure facilities.

The site, which has been identified as a location for major housing delivery for over 10 years, had been stalled due to the

complexities of land ownership and the need for upfront strategic infrastructure delivery.

We have worked closely with Mid Sussex District Council, the landowners and the site promoter to acquire the land. As the land owner for the whole site, we will invest in the required infrastructure and release the first phases of development early.

“Despite Burgess Hill’s huge potential to deliver more than 3,500 homes, development of this site had been stalled for over 10 years due to the complexities of land ownership and the need to deliver significant upfront infrastructure. We are delighted that Homes England has intervened to unlock this site”.

Councillor Garry Wall

Leader of Mid Sussex District Council

2018-20 priorities

- Progress enabling infrastructure works on major developments at Northstowe and Burgess Hill.
- Acquire land and invest in enabling infrastructure to bring forward developable sites where the market will not, using our £1.03 billion Land Assembly Fund.
- Continue disposing of our surplus public sector land holdings under the government’s Public Sector Land programme 2015-20.
- Drive forward the delivery of public sector land by working with other government departments, including through land transfers and partnership working.
- Pilot a direct commissioning contracting approach under which risk and reward is shared with partners, in return for a significant increase in the pace of delivery. This will deliver over 1,300 starts on seven sites in the next two years.
- Accelerate delivery on our land by incorporating a requirement to use MMC into our leases, and by increasing our collaboration with Registered Providers, smaller house builders and Build-to-Rent providers to drive forward sites with a wider tenure mix.
- Improve design quality through the use of Building for Life 12 and other tools.

Longer term priorities

- Deliver at least 2,000 starts on site by March 2023, 4,000 starts a year by the mid-2020s and 23,000 completions by March 2030 through the Land Assembly Fund. This fund should be self-financing by March 2023.
- Unlock public and private land, with capacity for up to 27,000 homes, by funding on-site infrastructure and land remediation on small sites through our Small Sites Fund.
- Unlock surplus local authority land with capacity for up to 32,000 homes by investing in infrastructure and enabling works through our Local Authority Accelerated Construction programme. In return, we will seek to secure commitments from local authorities to progress sites at pace and encourage the use of MMC.
- Formalise and implement new partnering agreements with other government departments to support an increase in the disposal of surplus public sector land for housing.



Unlocking investment

We will ensure a range of investment products are available to support housebuilding and infrastructure, including more affordable housing and homes for rent, where the market is not acting.

Developers of new homes face a range of issues in attracting the investment needed to increase delivery. We'll target our money, where possible in partnership with private financiers, to address this.

Alongside the uncertainty caused by the restrictive planning system, a key challenge facing smaller house builders is their ability to access private finance. That is why, in addition to providing infrastructure loans, the £4.5 billion Home Building Fund will provide development finance to developers of all sizes. We will also invest in partnerships and joint ventures to increase the pace and scale of our partners' delivery and generate value for public money. By taking a longer term view and allowing funding to be recycled into future schemes, we are able to support significant schemes that commercial lenders would not.

To increase the delivery of affordable housing, we will continue to provide grant funding through our Shared Ownership and Affordable Homes Programme. Between April 2011 and March 2015, these programmes delivered over 116,000 new affordable homes outside of London. Additional investment, including for social rent in the least affordable places, has been introduced.

Alongside our programmes, greater flexibilities over how and when grant funding can be drawn down are being introduced through our new Strategic Partnerships with housing associations. These flexibilities will come into our wider programme under continuous market engagement. Moving forward, we want to explore the possibility of developing new approaches to investment for housing associations (including equity, debt and guarantees) in return for ambitious delivery targets.

Improving construction productivity is another of our key aims, so we will encourage developers to use MMC and increase the capacity of the off-site manufacturing industry, including through our provision of development finance.

In addition, we know that unlocking significant housing growth requires upfront infrastructure provision. Our £5.5 billion Housing Infrastructure Fund will provide grant funding, alongside our wider expertise, to local authorities to bring forward land they could otherwise not develop.

Over the next five years we will be more targeted with our interventions, identifying priority places where homes are least affordable and where increased investment can unlock delivery.

£5.5bn

Housing Infrastructure Fund will
bring forward land for development

CASE STUDY**Partnering with industry**

Through our commercial partnerships we're working with the sector to increase housing supply, address affordability issues and generate value for the public purse.

In June 2018 we launched a national joint venture with Kier Living and Cross Keys

Homes. This will deliver more than 5,400 homes over the next nine years, 30% of which will be affordable.

The £42 million deal has allowed our partners to greatly increase the pace and scale of their delivery. The joint venture will also invest in skills and apprenticeships, and aspires to deliver 20% of the new homes through Modern Methods of Construction (MMC).

“Our joint venture with Homes England and Cross Keys will enable us to maximise our funding, resources and capabilities to deliver more homes faster”.

John Anderson
Executive Director,
Kier Living

**2018-20 priorities**

- Consider further proposals for Strategic Partnerships with housing associations – looking at greater flexibilities over how and when grant funding can be drawn down through our Shared Ownership and Affordable Homes programme, working towards the delivery of at least 130,000 affordable housing starts by March 2022.
- Deliver our share of the £163 million national Community Housing Fund, to increase the number of homes delivered by the community-led housing sector.
- Provide up to 879 bed spaces for rough sleepers and those currently living in hostels or refuges by 2021, through the £44 million Move On Fund.
- Provide development and infrastructure finance to home builders of all sizes through the £4.5 billion Home Building Fund.
- Work with the Department of Health and Social Care to allocate up to £125 million additional funding to 2020/21 through the Care and Support Specialised Housing Fund. This will be used to develop new affordable homes, which meet the needs of older people and disabled adults.
- Provide grant funding, through the Social Sector ACM Cladding Remediation Fund, for the removal and replacement of unsafe aluminium composite material (ACM) cladding systems on buildings owned by local authorities and registered providers that are 18 metres tall or over (in London, this fund is administered by the GLA).
- Work with local authorities to complete funding clarification, enter into contract and make the first payments on successful Marginal Viability Funding bids under the Housing Infrastructure Fund.
- Co-develop bids shortlisted for Forward Funding under the Housing Infrastructure Fund.
- Provide development finance to smaller builders through the Housing Growth Partnership and Housing Delivery Fund.

Longer term priorities

- Deliver at least 130,000 affordable housing starts by March 2022 through the Shared Ownership and Affordable Homes Programme, including at least 12,500 homes for social rent in areas where homes are least affordable.
- Continue to provide funding for strategic infrastructure to local authorities through the Housing Infrastructure Fund.
- Continue to provide development and infrastructure finance through the Home Building Fund, Housing Growth Partnership and Housing Delivery Fund.
- Explore a range of potential investment options – grant, debt, equity and guarantees – to ensure we offer the right mix of financial interventions to most effectively unlock development.



Increasing productivity

We'll improve construction productivity.

The housebuilding construction industry is facing significant challenges in terms of productivity, workforce, skills and materials. If these challenges are not addressed, the industry will lack the capacity to deliver the infrastructure and homes that England needs.

Skills shortages already exist in traditional areas of construction and, based on current levels of new entrants, we are likely to see a 20% to 25% decline in the workforce within a decade. This comes on the back of years of low productivity growth in the sector. While there has been some improvement in construction productivity over the past five years, it remains low and continues to lag behind the UK economy as a whole. Traditional methods of house building have barely changed in the last 100 years and the rate of modernisation has not kept pace with technological innovation in other sectors of society.

We must embrace change to improve productivity and reduce the impact of the declining workforce. MMC have the potential to be significantly more productive than traditional methods and greatly increase the pace of delivery. MMC can also improve the quality of

construction, address labour and materials shortages and deliver a number of additional benefits such as improved energy efficiency and health and safety. As a result, developers are already introducing MMC. However, the MMC industry is currently immature with limited production capacity and supply chains. It requires stimulus if it is to evolve further.

We will support the uptake and development of MMC through a range of interventions. We'll incorporate MMC into our building lease disposals to demonstrate a range of MMC products on Homes England land. We'll also encourage partners to use MMC through our provision of development finance to developers. Our Local Authority Accelerated Construction programme will also encourage more widespread use of MMC to help increase the speed of construction and build out.

In addition, the government's Industrial Strategy has committed to building the skills of the future workforce. We are engaging with the Department for Education and Ministry of Housing, Communities and Local Government to develop modern construction skills by increasing the number of skilled apprenticeships.



CASE STUDY

Supporting innovation to speed up delivery

In March 2018, we provided £2.5 million through our affordable homes programme to Home Group, one of the UK's largest providers of homes for sale and affordable rent and one of our new strategic partners. The funding supports the construction of 41 affordable homes at the Gateshead Innovation Village, a live research project that is

looking at new ways to address the housing crisis by constructing homes faster, in a more energy efficient way using smart technology.

The innovation village will test five different types of Modern Methods of Construction (MMC) alongside traditional construction methods in order to understand ongoing performance, how they help build a community for Home Group customers and how MMC integrates with smart technology and energy efficient heating systems.

By supporting the scheme we're helping to build confidence in the MMC industry, which has

the potential to greatly accelerate the delivery of homes and potentially change the future of housing.

“We’re all incredibly excited about this project as it will see a wide range of homes and construction methods being tried and tested together on the one site. The support from Homes England is pivotal in helping us make the Gateshead Innovation Village vision a reality, building real homes for real people using the latest construction methods and technology”.

Brian Ham

Executive Director of Development, Home Group

2018-20 priorities

- Incorporate MMC outcomes into our contracts, both for land and investment.
- Support pilot projects where there is developer interest in testing MMC, to learn lessons and understand costs.
- Encourage developers to use MMC and increase the capacity of the off-site manufacturing industry, including through our provision of development finance.
- Develop and implement a consistent approach to measuring the impact of MMC in partnership with industry.

Longer term priorities

- Capture and disseminate best practice and knowledge of MMC across the industry and encourage uptake by housebuilders.
- Work with the Construction Leadership Council, other industry leaders and developers to improve the understanding and uptake of MMC.



Driving market resilience

We'll create a more resilient and competitive market by supporting smaller builders and new entrants, and promoting better design and higher quality homes.

The house building market is increasingly made up of a small number of major housebuilders. A study by the Home Builders Federation found that in 1988 more than 12,000 SMEs were responsible for nearly 40% of all new homes: today, only around 2,500 SMEs are active in the sector with responsibility for just 12% of new homes. The resulting lack of competition has led to low levels of innovation, with relatively homogeneous homes being built.

There are a number of barriers preventing smaller builders from delivering more homes. A 2017 survey by the Federation of Master Builders found the top two constraints to delivery are a lack of finance and viable land. We are addressing these challenges.

We'll continue to provide short-term development finance for smaller and custom builders through our £4.5 billion Home Building Fund. We'll also continue to invest in lending partnerships, such as the £1bn Housing Delivery Fund with Barclays, to improve the availability of credit to smaller builders, and increase our investment with Lloyds Bank in the Housing Growth Partnership. We've already committed over £1.1bn of development finance – including part of the additional funding allocated at Autumn Budget 2017 – to deliver more than 55,000 homes, with over 96% of the funded schemes supporting smaller and custom

builders and innovators. We are also considering a range of financial support, including equity investment and guarantees, to support the sector.

We'll also support smaller builders to access land. Often, small sites require upfront financial support to unlock them for development. We will support this through the Small Sites Fund. Where we own sites which are too large to be developed by smaller builders, we'll look for opportunities to create smaller parcels which better suit their capacity.

In addition to this support, we'll promote good design across the sector. The revised National Planning Policy Framework (NPPF), published in July 2018, embedded high-quality design in the planning process and ensured that local authorities use the appropriate tools for assessing design. Our main focus over the next five years will be to utilise and promote design quality assessment tools to ensure that we deliver high-quality schemes.

£1.1bn

committed to date to deliver
more than 55,000 homes

CASE STUDY**Supporting smaller builders to grow**

In 2014, we supported Step Places, a small firm struggling to access private finance, with a £700,000 loan for a 24-home scheme in an area of urban renewal in East Manchester.

On the back of this project's success, we loaned the firm a further £2.5m to develop a 28-home custom build scheme with a focus on quality and environmental impact.

The profit generated by this development enabled the company to purchase a piece of land from us in 2016 that will provide 23 homes,

alongside office space, bars and restaurants. Step Places have worked closely with us on this development to ensure it meets local needs.

Our support for Step Places has enabled it to grow its workforce from three to 11. It is now taking on bigger and better projects such as the regeneration of Wigan Pier on the Leeds & Liverpool Canal.

“Without Homes England’s support, Step Places would not be at this stage of expansion”.

Harinder Dhaliwal
Managing Director,
Step Places Ltd



2018-20 priorities

- Provide up to £2.5 billion development finance to smaller builders who are unable to access funding from banks through the £4.5 billion Home Building Fund.
- Launch a Housing Delivery Fund with Barclays to provide £1 billion of development finance to increase the pace and volume of housing delivery and support smaller builders.
- Increase our co-investment with Lloyds in the Housing Growth Partnership to provide up to £220 million of equity finance for smaller builders.
- Improve opportunities for smaller builders to access our land, and introduce simpler tender and legal documents on smaller sites to make the bidding process easier.
- Adopt Building for Life 12 as a tool to improve the design of new communities through the activities within our Land programmes.

Longer term priorities

- Improve how smaller builders access our land and development finance.
- Consider extending the support provided via the Home Building Fund to include the provision of finance for housing development on land which is at the pre-planning stage.
- Bring more small sites to market by unlocking public and private land with capacity for up to 27,000 homes through our Small Sites Fund.
- Explore opportunities for removing the planning burdens faced by smaller builders on more complex sites.
- Incorporate design quality assessments across our programmes.



Supporting local areas

We'll offer expert support for priority locations, helping to create and deliver more ambitious plans to get more homes built.

Where places have ambition, potential for growth and a clear plan, we'll combine our tools to partner with them and support delivery.

Local housing markets face local challenges, so leadership from local authorities and Local Enterprise Partnerships is crucial. Leaders are often pro-development, but their ambition can be frustrated by planning challenges and insufficient infrastructure. This is where we can make a difference by using a tailored mix of land, money, people and powers.



We'll help local areas plan for the future and embrace new technologies to meet the changing needs of society. We plan to give places the longer term certainty they need to leverage their own investment, alongside private finance, to increase affordability.

In particular, we'll target our interventions in places where high development potential has not yet been unlocked by the market. We already have a track record of delivering major projects in places like Allerton Bywater in Leeds and Cranbrook near Exeter, and we are currently:

- Supporting the delivery of major developments including the Northern Arc, Burgess Hill in Sussex, and Northstowe in Cambridgeshire.
- Supporting local partners in Oxfordshire to deliver their housing deal, which was signed in November 2017.
- Working with government and local partners in the Oxford-Milton Keynes-Cambridge arc, to set the vision for delivering up to one million homes by 2050.
- Establishing a joint delivery team with the West Midlands Combined Authority to align our investment and expertise to increase housing supply, increase the proportion of affordable housing, and acquire and assemble land.

Over the next five years, we will work with more local authorities with big ambitions to get more homes built.

CASE STUDY**Supporting local areas to grow**

We don't just make homes happen, we make places possible.

In July 2018, work began on the second phase of Northstowe, Cambridgeshire's newest town. Located on the site of the former RAF Oakington barracks, the town will provide 10,000 new homes and will be the UK's biggest new town since Milton Keynes.

Phase two of the town will focus on the development of the town centre and immediate surroundings, creating 3,500 new homes, including 1,000 town centre apartments. We're leading this work in partnership with local leaders, including the elected Mayor and Local Enterprise Partnership.

Work is already underway to create the transport links, infrastructure and leisure facilities the community needs. Forty per cent of the homes delivered in

phase two will be designed to help young people get onto the housing ladder. A further 10% will be available for affordable rent. The development also includes

town centre retail and office space, with the potential for small businesses and independent outlets to establish themselves in Northstowe.

“I'm looking forward to working closely with Homes England to continue driving forward the important development at Northstowe. The bricks and mortar that we'll start to see rise out of the ground over the coming years will provide much-needed homes for thousands of families”.

Cllr Hazel Smith

*South Cambridgeshire District Council's
Lead Cabinet Member for Housing*

2018-20 priorities

- Work collaboratively with local areas to identify and overcome barriers to growth, such as infrastructure and planning.
- Deliver the first stage of primary infrastructure on our land in Northstowe by March 2022, and enter into contract with the first housing delivery partner.
- Secure approval for the 3,500 home masterplan and outline planning to enable investment in the delivery of the Northern Arc in Burgess Hill. This investment will include enabling infrastructure as part of our role as a master developer of the scheme.
- Progress the promotion of Ifield as a strategic growth area for a minimum of 3,250 new affordable homes in Horsham, West Sussex.
- Support the government in the delivery of new Garden Communities.
- Support the implementation of the West Midlands, West of England, Oxfordshire and Greater Manchester housing deals and the delivery of their outputs.
- Negotiate new housing deals with areas that experience housing affordability challenges and share our ambition for housing growth.
- Co-ordinate a collaborative government response to the National Infrastructure Commission's report on the Oxford-Milton Keynes-Cambridge arc.

Longer term priorities

- Support the Oxford-Milton Keynes-Cambridge arc. Subject to consultation, further analysis and government decisions, we will support the delivery of new settlements, major urban extensions and significant additional housing across the arc.
- Develop a plan for the South East to significantly increase housing delivery across the region, by the mid-2020s.
- Support local authorities' ambition for growth by providing additional professional skills capacity where required.
- Support joined up housing and infrastructure delivery in major new corridors such as the Thames Estuary.
- Align the delivery of housing with major transport infrastructure projects such as HS2 and Northern Powerhouse rail where possible.
- Deliver 300 homes and begin construction on 1,000 town centre apartments, and launch phase three at Northstowe by 2022/23.
- Continue to develop the Northern Arc in Burgess Hill with 500 homes and a major spine road under construction by 2022/23.
- Begin major infrastructure work and start construction of the first 200 homes in Ifield by 2022/23.



Delivering home ownership products

We'll effectively deliver home ownership products, providing an industry standard service to consumers.

Home ownership is becoming increasingly unaffordable for millions of families across England. Decades of undersupply of housing alongside rising housing demand has seen average house prices increase faster than average incomes. Younger households on average incomes in high demand parts of England feel the impact of this particularly acutely.

Home ownership remains the most popular tenure. Given the choice, 88% of people would choose to buy their own home. Similarly, owner occupiers are far more satisfied with their accommodation, local area and tenure than social or private renters. This is why we'll invest heavily in supporting peoples' home ownership aspirations. We'll reduce the deposit burden faced by prospective home owners by helping them buy with a smaller deposit, buy a share of a home, or save for a deposit by paying a below market rent.

We have already made good progress. By March 2018, the Help to Buy: Equity Loan had supported 169,102 property purchases, including 136,657 for first-time buyers. In a survey, most buyers said that they both started looking for a property to buy sooner than they would have otherwise and that they would not have been able to buy the same property without assistance. For these reasons, the government announced in 2017 that it will invest up to an additional £10bn in the Help to Buy: Equity Loan to 2021 to help

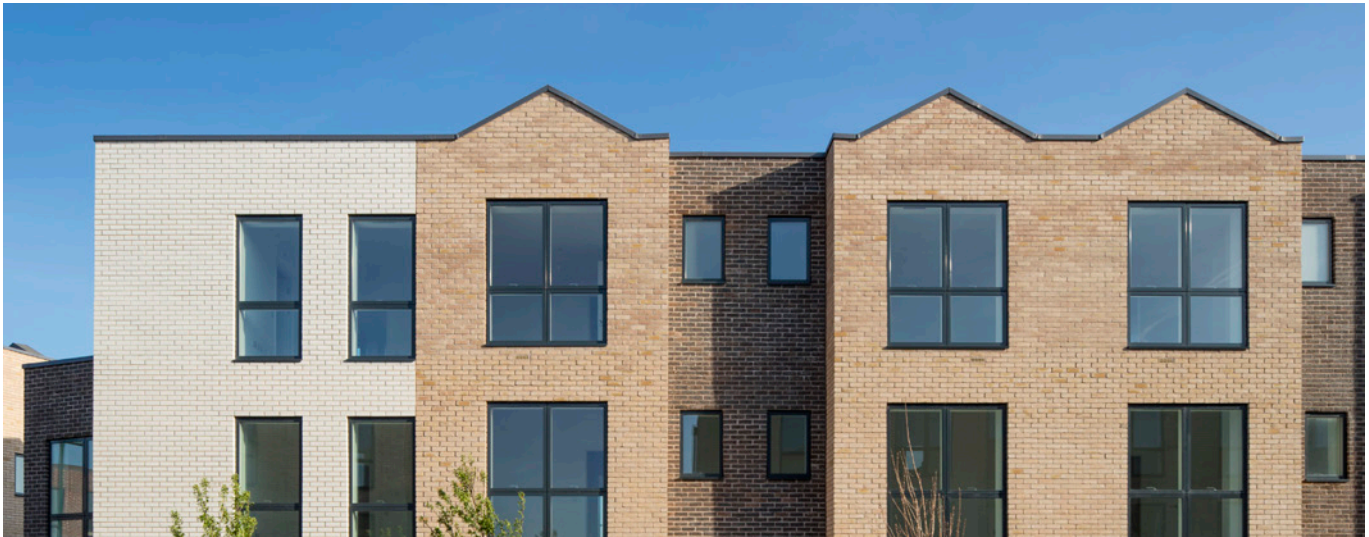
up to 135,000 more people buy new-build homes. The government also announced in Budget 2018 that from April 2021, a new Help to Buy Equity Loan scheme will run for 2 years before closing in March 2023. To ensure future support is targeted at those who need most help into homeownership, the new scheme will be available for first-time buyers only, and for houses with a market value up to new regional property price caps. These caps are set at 1.5 times the current forecast regional average first-time buyer price, up to a maximum of £600,000 in London. The government does not intend to introduce a further Help to Buy Equity Loan scheme after March 2023.

We'll continue to invest in shared ownership and rent to buy through our Shared Ownership and Affordable Homes Programme 2016-21. Since 2010, over 100,000 new homes for affordable ownership have been delivered, including 60,000 for shared ownership, and there continues to be high levels of consumer demand for this stepping stone into home ownership. We'll keep working with our partners, as well as mortgage lenders, to reduce the barriers to entry and encourage them to become more actively involved in growing the scheme further. Furthermore, building on the Social Housing Green Paper, we will work with our partners to identify how they can help shared owners build up more equity in their homes and progress to full ownership.

Finally, we'll support the Voluntary Right to Buy pilot for housing associations tenants in the Midlands. Right to Buy has helped almost 96,000 people living in council housing to buy their homes since 2010. The pilot will test the voluntary agreement with housing associations to extend the scheme to their tenants, in order to enable more people to realise their dreams of home ownership.

169,102

property purchases have been supported by Help to Buy: Equity Loan up to March 2018



CASE STUDY

A new way of working with housing associations

We're changing the way we work with housing associations to help the sector deliver significantly more affordable homes.

To date, we have agreed 15 strategic partnerships which will deliver over 27,000 additional affordable homes starts by March 2022, including homes for social rent in areas of high affordability pressure. In return, we'll provide housing associations with greater flexibilities and certainty around funding.

“Our new Strategic Partnership with Homes England is the beginning of an improved relationship that will enable us to deliver significantly more affordable homes where they are most needed”.

David Montague
Chief Executive, L&Q

2018-20 priorities

- Strengthen Help to Buy delivery by implementing the changes recommended by the end-to-end review carried out in 2017/18.
- Provide an industry-leading service to Help to Buy customers, from initial purchase through to loan redemption, including through digital solutions.
- Work with mortgage lenders to encourage lending on our home ownership products by promoting understanding of them.
- Agree further commitments to shared ownership and rent to buy through Strategic Partnerships with housing associations and our wider Shared Ownership and Affordable Homes programme, and raise awareness of the opportunities available and size of the market.
- Support the Voluntary Right to Buy pilot in the Midlands to enable housing associations tenants to buy their homes.

Longer term priorities

- Provide shared ownership and rent to buy through the Shared Ownership and Affordable Homes Programme, which will deliver 130,000 affordable housing starts by March 2022.
- Support people buying shared ownership properties to build up more equity in their homes.
- Provide continued support to the Help to Buy: Equity Loan programme. By March 2018 over 169,000 homes were completed using this scheme.
- Enhance our Help to Buy loan book administration, focussing on value for money.

3

Achieving our plan

Financial plan

We're subject to spending controls as set out in HM Treasury's Capital Budgeting Guidance. We work with the Ministry of Housing, Communities & Local Government to establish transparent and robust annual budgets within the context of a multi-year government spending review.

The tables set out our agreed budget for 2018-19 and provisional budgets for future years. Budgets beyond 31 March 2021 will be agreed following a forthcoming spending review. All figures are in £000s.

Land	
Capital Financial Transactions	
Investment	£5,181
Capital Grant	
Investment	£1,557,036
Income	-£884,906
Programme Resource	
Investment	£90,515
Income	-£127,998
Net Budget	
	£639,828

Affordable homes (including the Community Housing Fund)	
Capital Grant	
Investment	£3,686,244
Income	-£46,063
Programme Resource	
Investment	£5,800
Net Budget	
	£3,645,981

Investments	
Capital Financial Transactions	
Investment	£3,740,099
Income	-£1,054,812
Capital Grant	
Investment	£245,234
Programme Resource	
Investment	£32,800
Net Budget	
	£2,963,321

Housing Infrastructure Fund	
Capital Grant	
Investment (over > 3 years)	£5,500,000
Programme Resource	
Investment	£45,000
Net Budget	
	£5,545,000

Help to Buy	
Capital Financial Transactions	
	£13,869,000
Programme Resource	
Investment	£10,500
Net Budget	
	£13,879,000

Small Sites Fund	
Capital Grant	
Investment	£410,484
Programme Resource	
Investment	£1,200
Net Budget	
	£411,684

Finance	
Capital Grant (Admin)	
Investment (Year 1 & 2 only)	£27,593
Net Budget	
	£27,593

Total Programme	
	Total
Investment	£29,226,686
Income	-£2,113,779
Net Budget	
	£27,112,907

Total Admin	
	Total
Investment	£209,600
Income	-£165,889
Net Budget	
	£43,711

Right people, right culture

The scale of the housing crisis needs a new organisation capable of meeting the challenge. That's why we are strengthening our people, systems and governance. We're recruiting at pace to grow our team of experienced and highly talented staff and to ensure that we have the right technical skills and local expertise. We plan to almost double in size over the next 18 months to achieve this.

Our culture

Our culture is becoming more collaborative, both internally and in terms of working with others outside of the organisation. And we're digitising many of our systems so that, in the longer term, our new digital interfaces will enable our partners to contact us more efficiently. Our governance structure is also being reformed, including clear lines of accountability with the government.

We aim to be an organisation that people want to work at for periods in their career, bringing in diverse skills, different approaches and fresh thinking, and then taking strong values and ways of working back out into the sector. We invite industry leaders and experts to partner with us (through secondments and projects) to develop the next generation of diverse, passionate, delivery-focussed housing professionals.

Digital transformation

We aim to be a platform for landholders, developers, local authorities and others to work with each other and ourselves. We want to become a marketplace for would-be house builders, connecting them with land and resources. As an organisation it is vital that we continue to embrace technological innovation and adapt to the changing needs of our partners and the market.

Over the next five years this means we will:

- Put in place new technologies to enable modern business process and digital interaction with our stakeholders.
- Recruit and re-train a new digital team.
- Launch a website to enable better marketing, communications and stakeholder interaction.

CASE STUDY**Living our values**

In April 2018 we became a trustee of Regeneration Brainery, a pioneering scheme designed to inspire a new, diverse generation of young people into careers in property and regeneration. The Brainery is part of a drive to change perceptions of the industry and make it more diverse, modern and progressive for young people who want to make a difference while contributing to society.

Tim Heatley, co-founder of CAPITAL&CENTRIC, who set up the scheme, said:

“If we’re going to push the boundaries of how our cities and towns

grow in the future we need new ideas and creative thinkers.

I am delighted that Homes England has chosen to support this important scheme”.

“For me, widening the pool of talent coming into the industry is essential. Doing so will bring fresh experiences; viewpoints; ideas and solutions.

It’ll mean our built environments start to better reflect the people living in their communities – and that’s to be championed”.

Tim Heatley

Co-founder, CAPITAL&CENTRIC

Equality and diversity

We have an important leadership role to play on equality and diversity and we’re striving to become a role model for the housing sector. We know that we cannot achieve our mission unless we create a workforce that represents and draws on all of the skills of the society we live in and we’re proud to be an equal opportunities employer. We want to be an organisation where people feel not only comfortable being their true selves but valued for the experience and diversity they bring to work.

We’ve already taken steps to further improve equality and diversity with our organisation. Several networks have been established including the Gender; Black and Minority Ethnic; and Disability networks as well as our award-nominated LGBT+ Network, Build Together. We want to use the experience and expertise of these networks to improve our organisation, and we are working to launch our new Equality, Diversity and Inclusion strategy in late 2018. We are also developing a Gender Pay Gap action plan and we refuse to speak on all-male panels.

We’re proud of the work we are doing to improve equality and diversity and, in particular, our Excellence in Diversity ‘Diversity Champion for the Housing Sector’ award. We know, however, that we’re still on a journey to becoming an agency that exemplifies the best in diversity and inclusion. We are fully committed to achieving this ambition.



Managing risk

Our range of programmes means we're managing a large investment and land portfolio where our exposure is confined to one sector.

By virtue of our mission to intervene where the market will not, much of our portfolio is focussed on higher-risk borrowers and areas of market failure. Also, providing equity loans to consumers means we have a significant conduct risk responsibility.

Economic and credit risk

We have considerable exposure to the performance of the housing market in the form of loans to developers and equity loans to consumers. Some of this exposure sits within parts of the sector considered a higher credit risk due to it being second charge lending. Robust credit approval processes alongside ongoing portfolio management help mitigate risks relating to recovery of loans. As with other lenders any loans falling outside approved parameters will be subject to remedial action and, where needed, we can exercise our security rights.

Operational and delivery risk

The scale and complexity of our activities is likely to increase in the coming years. The increased risk this presents will be mitigated by strengthening our annual business planning process and recruiting and retaining highly qualified staff.

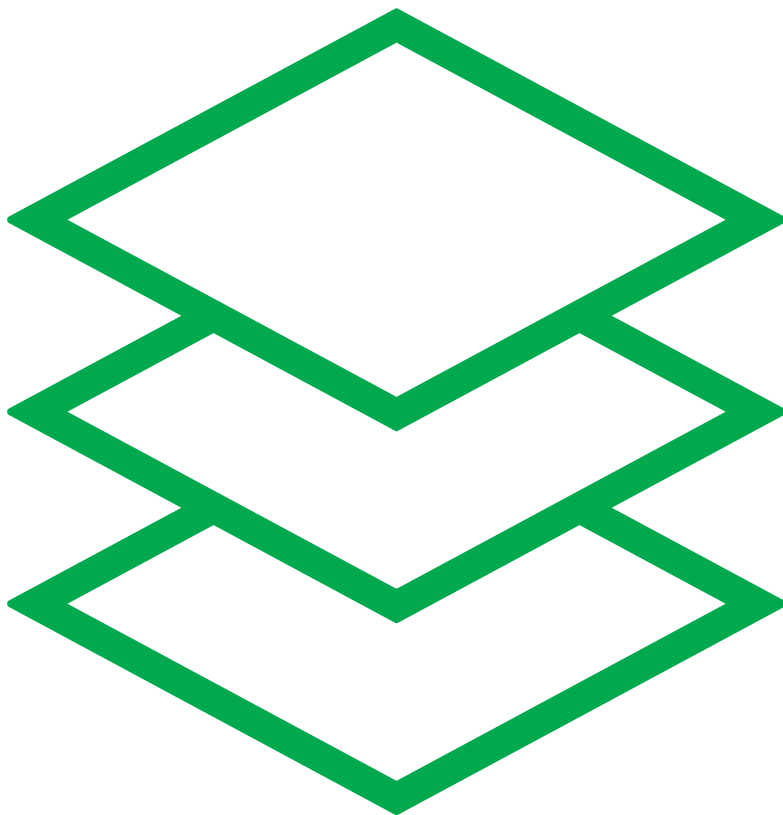
Land risk

We own a considerable, diverse and complex portfolio of land and property. The level of intervention needed to market this varies but some require significant investment, remediation and infrastructure to make them viable. The key risk we face is a failure to recover the value and resource committed to a site. This is mitigated by ensuring all land proposals are robustly reviewed across each relevant business area, including Risk, Legal, Finance and Land.

Reputational risk

As a government body, we are subject to a high level of public scrutiny and accountability. Our reputation and credibility are critical to our success. To effectively manage potential reputational and conduct risks we will be open and transparent in our decision-making and implement robust governance procedures to maintain high behavioural standards.

Our risk management framework is designed to provide a disciplined and structured approach to identifying, assessing and managing risk. We're also committed to working with the Ministry of Housing, Communities and Local Government to ensure our approach is aligned with their risk appetite and risk management framework.



First line programme delivery and corporate staff own and manage risk within their specific business areas.



Risk directorate develops and owns the risk management framework, provides second line credit approval and assures the first line risk controls.



Internal audit provides a third line of objective assurance which is independent of both the business and the risk directorate.

To achieve our mission and objectives we need to be commercially driven and an organisation that embraces learning, development and change. This way of working is embedded in **our values**.



Ambitious

We always strive for more and believe in better.



Collaborative

We work together to get things done.



Commercial

We're professionals who achieve value for money.



Creative

We're always thinking up new ideas and disrupting the status quo.



Diverse

We value everybody as an individual, and in their thoughts and ideas.



Learning

We can always do better, share what we know, and admit our mistakes.

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