

regional housing stats

Using CIPFA's Housing 360

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About CIPFA

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our members and trainees work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

interactive profile

This document provides analysis around regional local authority housing provision using CIPFA's new Housing 360 data tools. The analysis explores both past trends and predictive modeling.

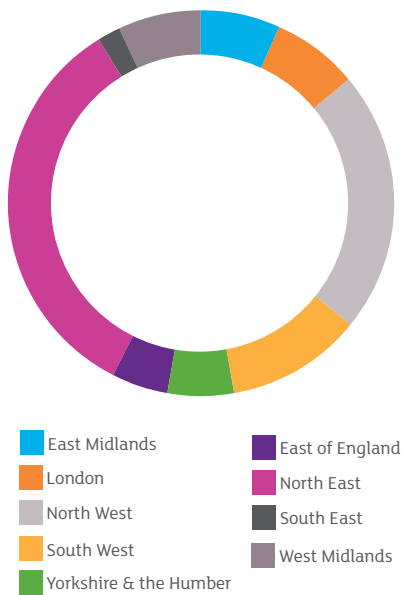
The Housing Interactive Profile is based upon compilation of statutory data returns such as; HRA, Local Authority Housing Statistics (LAHS), Revenue Account Outturn (RO) and Capital Outturn Return (COR4). This tool provides an interactive dashboard through which we are able to carry out comparisons against over 80 sets of performance indicators using local authorities and sector groupings to analyse and compare various historical performance trends.

Changes to regional stock levels

The regional picture of council housing suggests, whilst all regions have lost housing stock, the North East has by far the highest loss of stock at nearly 19%. The North West has also lost a sizable amount of just over 12%. The remaining regions share much smaller losses ranging from just over 1% in the South East to over 6% in the South West.

Although the number of affordable homes has seen an increase across the regions; in the South East it has increased from 61 dwellings in 2013 to 2,379 in 2018. By contrast, the West Midlands and the North West have the lowest growth in affordable homes over the last six years.

Proportional drop in council housing by region



Regionally the largest volume of new build activity in 2018 was in London and the South East, followed closely by the East Midlands, which may be reflected by the high level of housing demand in these areas. However activity in Yorkshire and the Humber has declined from 444 units in 2013 to 354 in 2018.

Number of new builds by region 2013-2018

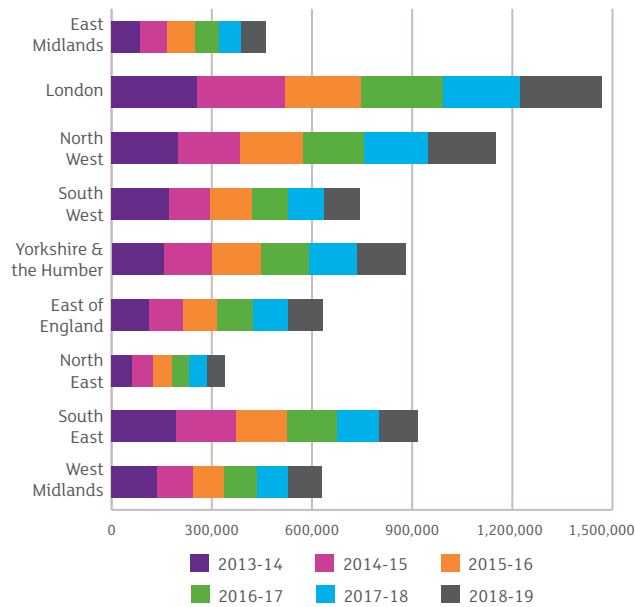


Number of people on waiting lists

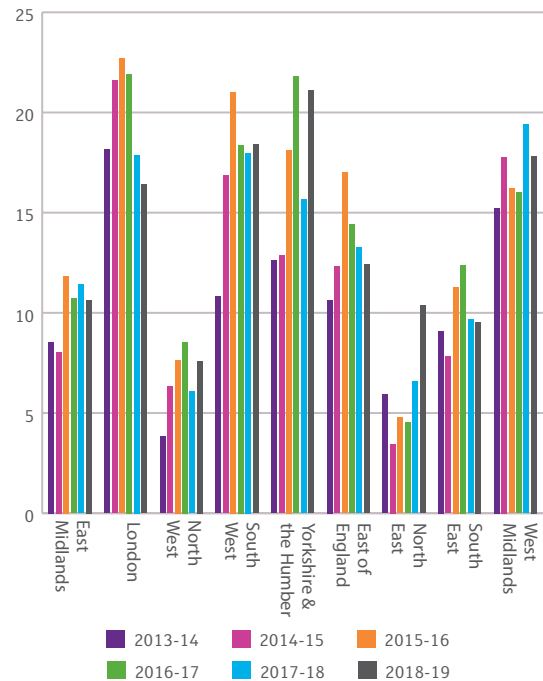
The number of households on the waiting list has started to increase from 2018, returning to a level consistent with 2016. At a regional level, London and the North West have the highest numbers of households on council waiting lists, both as an average, across the period, and in 2018.

Regional analysis of households on the waiting list in a Reasonable Preference Category (RPC) illustrates that the proportion of RPC households that were homeless has increased in all regions – except London where there is a drop of just under 2 percentage points over the last six years. Consequently, the situation has shifted in 2018; the regions experiencing the highest proportion of RPC homeless households on their waiting list are now; Yorkshire and the Humber, the South West and the North East, where the levels of homelessness are greater than London.

Regional analysis of households on waiting lists



Regional analysis of households in RPC – homeless (%)



The graph below shows the proportional change between 2013 and 2018 across the regions for those households occupying unsatisfactory housing conditions. Whilst 5 out of 9 regions have shown a drop in RPC, Yorkshire and the Humber have seen a 104% increase, with the North West and West Midlands seeing an increase of 17% and 16% respectively over the six year period.

% Change of households in RPC - occupying unsatisfactory housing conditions between 2013 - 2018



Cost of housing homeless people in temporary accommodation

The total cost of providing homelessness services by English authorities was around £376m in 2013. By 2018 this increased to just over £663m, representing an increase of 76% over the six year period.

The cost of providing temporary accommodation across the regions varies significantly. From 2013 to 2018, overall costs have increased by as much as 123%, with the West Midlands and the East of England seeing the biggest increases regionally. In the South West, costs have decreased by almost 53%, although from 2014 to 2018 this changes dramatically to an increase of almost 70%. By contrast, the North West has largely remained the same across the six year period, with an increase of 12%.

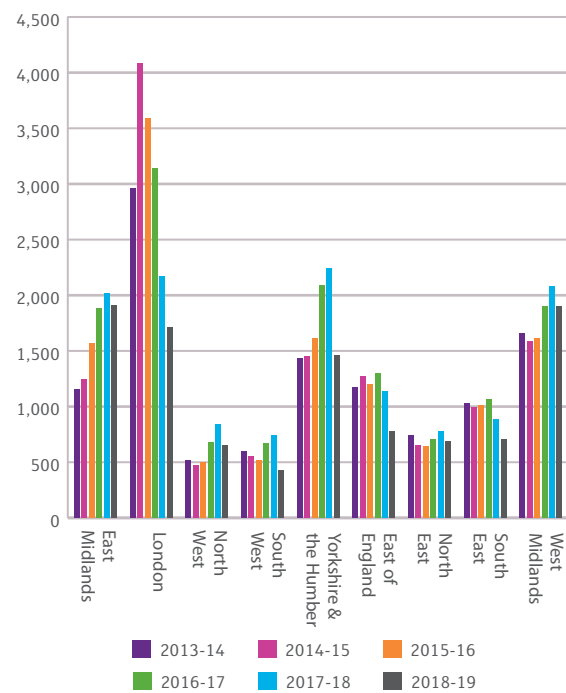
% Change in the regional cost of temporary accommodation over the last 6 years



Rate of Right to Buy sales

The table on the right details the sales of Right to Buy council housing by region. From 2013 to 2016 the number of sales in London far exceeds that of any other region, which is reflective of the attractiveness of property values in London, though the position does appear to have slowed down from 2017 through to 2018. Conversely, the rate of sales in the East Midlands and North West has increased by 66% and 25% respectively.

Annual Right to Buy sales by region



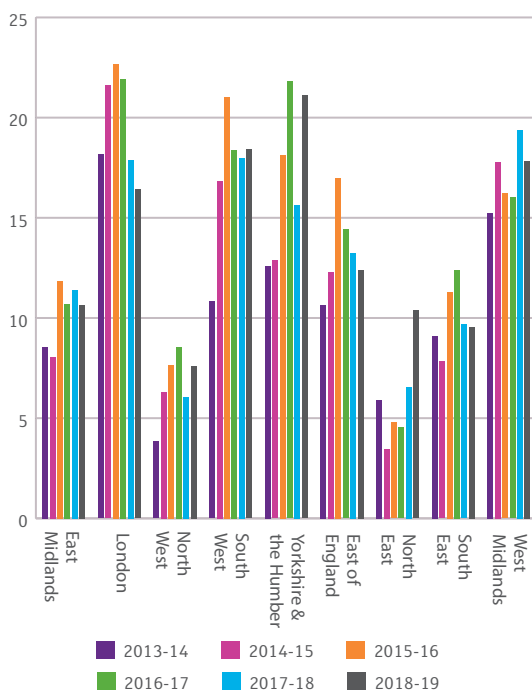
Income on HRA versus expenditure

The following charts track the variation of income and expenditure profiles across 2013 through to 2018. Regional analysis shows a declining profile of income compared with fluctuating expenditure over the last six years in London. The North East has seen a considerable drop in both income [19.6%] and expenditure [19.9%]. Conversely, Yorkshire and the Humber has seen their HRA income increase by 0.6% whilst at the same time their HRA expenditure has increased to 4.7%. For the East of England, their HRA income is up by 2.8%, whilst expenditure is up by 5.7%. The same is also true for the South East where income is up by 2.7% and expenditure is up by 7.6%. Overall, the general picture for the HRA across regions (six out of nine), and for England as a whole, is one of declining income and increasing expenditure.

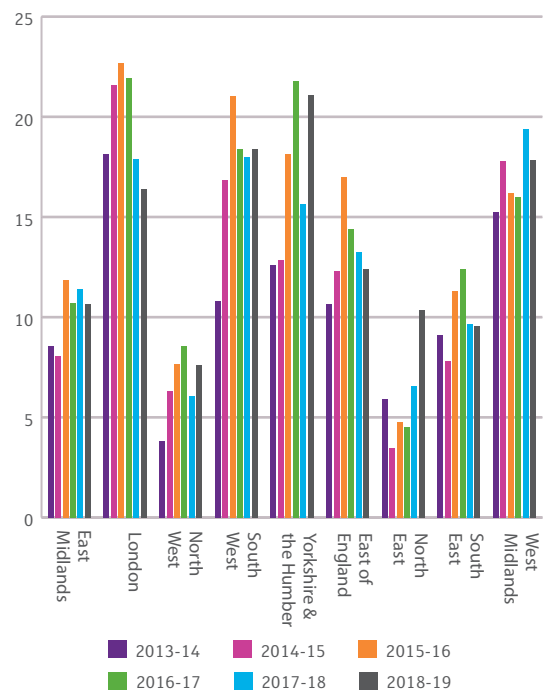
Income and expenditure variations over the last 6 years



Annual HRA income by region



Annual HRA expenditure by region





the housing future resources model

CIPFA's Housing Future Resources Model provides a relatively simple method for projecting HRA financial resources forward to 2025, underpinned by robust trend assumptions informed by CIPFA. The model can help all English local authorities who have responsibilities for providing social housing to project across to 2025/26. In this example we are using 2020/21 as the base position on several key areas of housing provision to project across to 2025.

Waiting lists and times for council housing

The regional picture suggests the average wait is between 8-39 years, with the North West having an average wait of 39 years, followed by the South West and London at 28 and 24 years respectively. In contrast, the East and West Midlands and the North East have average waiting times between 8-10 years to house people on their waiting lists.

Estimated average length of wait to house people on the waiting list (in years)



The future picture for rental income and arrears

A key factor to note is the close resemblance of the expected rent arrears profile to the expected rent roll profile. London is projected to have the highest level of average arrears at just over £142,000 between 2020 and 2025. The projections also show that moving up to 2025 most areas will experience an increase in arrears. The only exception to this being the South West where they are expected to have a small decrease [0.18%]. The West Midlands and North East are expected to have the highest increases in arrears at 1.21% and 1.05% respectively.

Average value of expected rent roll from 2020 to 2025 (£ billions) by region



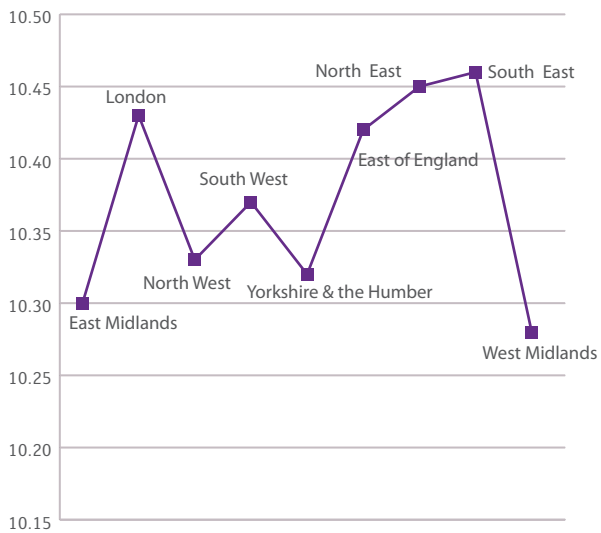
Expected value of average rent arrears by region



Councils spending on repairs and maintenance

The repairs and maintenance area of council housing provision is one of the key areas of service significantly valued by residents. Moreover, repairs and maintenance is also an area that is under tremendous pressure regarding both demand and controls on financial spend. Regional analysis shows that over the next few years, repairs maintenance expenditure is expected to increase. The South East is expected to have an increase in spend of around 10.46%, the highest percentage of all regions with the West Midlands expected to achieve the lowest at 10.28%.

Regional increase in repairs & maintenance expenditure over the next five years





the housing scorecard

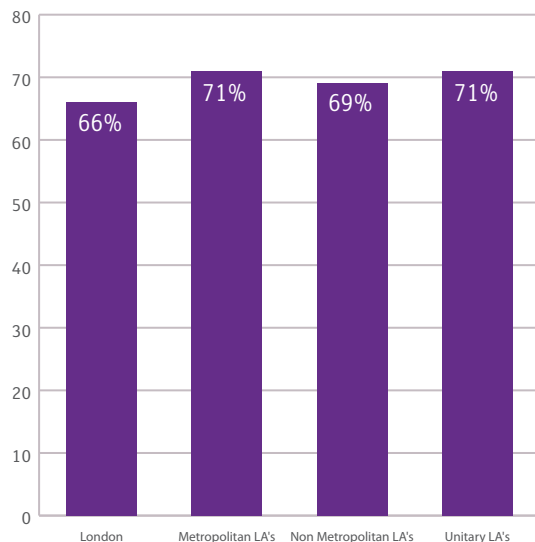
The Housing Scorecard broadly seeks to do the same as the CIPFA Financial Resilience Index. However, whereas the Resilience Index focuses primarily on the General Fund side of local authority expenditure, the Housing Scorecard focuses specifically on the HRA. Unlike the Resilience Index, the Housing Scorecard has both financial and non-financial measures – it is designed to keep the HRA and the housing service in check. Therefore, the Housing Scorecard can give comfort that in the self-financing regime local authorities are self-regulating their HRAs to make sure that they are not too exposed, especially in terms of their borrowing.

A high-level picture of council performance

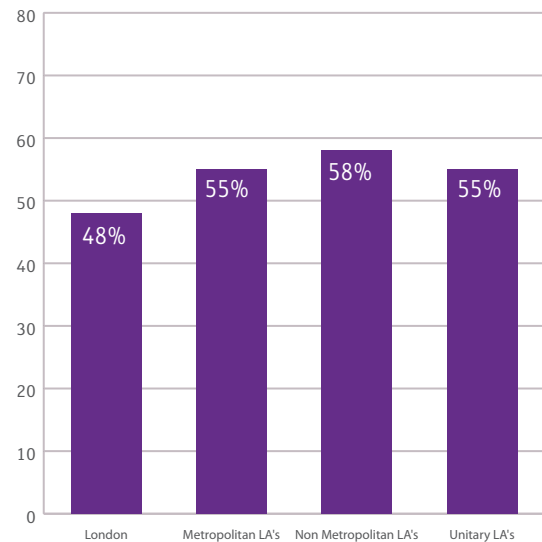
The primary purpose of the Housing Scorecard is to enable individual local authority level evaluation of resilience using a number of different comparator groups, methodologies and annual data sets. However, for the purpose of this analysis CIPFA has used the main comparator local authority groups; London Boroughs, Metropolitan local authorities, Non-Metropolitan local authorities and Unitary local authorities, as well as the data set for 2018/19 to give an overview of resilience across England.

One of the key financial assessments we can do is to ascertain the status of authorities' HRAs against their reserves based on current and previous data. An evaluation of the Housing Scorecard data would suggest that a significant number of local authorities are not able to avoid a deficit in their HRA for 2018-19, despite the fact this is a key government policy requirement. 34% of London Boroughs, 31% of Non-Metropolitan and 29% of Unitary and Metropolitan authorities have HRAs in deficit based on data supplied for 2018/19.

% of local authority HRA's not in deficit



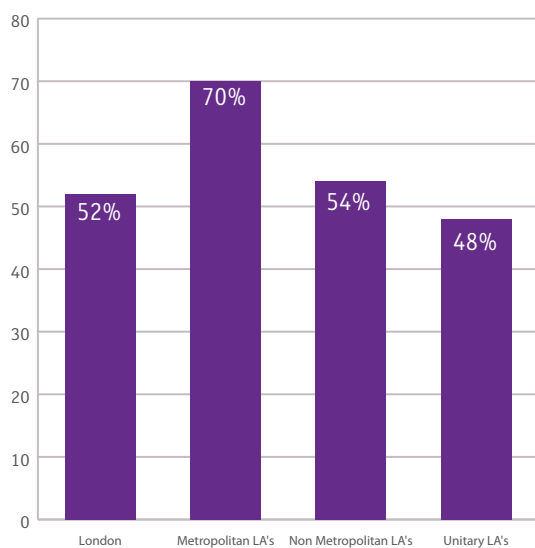
% of local authorities with lower levels of indebtedness



Further checks on HRA health can be ascertained by the use of financial health and capacity ratios. The Housing Scorecard therefore incorporates a number of these to enable individual local authorities to evaluate their own financial health using statutory data sets they have submitted. For the purpose of this analysis we have used the Debt to Turnover Ratio. This indicator measures the level of indebtedness, as measured by the Capital Finance Requirement (CFR), against the turnover, which will ascertain the level of income generated. Authorities should be aiming to have a low value for this ratio compared to the rest of their comparator group. For 2018-19, authorities with a low level of indebtedness in England vary between 48% and 58% across the four comparator groups (as shown in the adjacent chart). As with the Gearing Ratio analysis below, this outlook is calculated using the mean ratio value in each comparator group to determine high and low levels of indebtedness (note where applicable outliers have been removed to normalise the data).

This final piece of analysis looks at the 'Gearing Ratio' for local authorities. The Gearing Ratio is a measure of key lending risks and represents an authority's financial leverage by comparing its overall debt against the value of assets it owns. This is an important measure to consider in terms of the post debt cap removal era to ensure local authorities have the leverage needed to secure additional borrowing. Analysis reveals that local authority HRA's attaining lower levels of gearing ratio of between 48% and 70%. Metropolitan authorities have by far the highest proportion of authorities with lower ratios and therefore poses lower lending risks.

% of local authorities lower Gearing Ratios





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