Submission to the 2020 Comprehensive Spending Review

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world.

Further information is available at: www.cih.org

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Executive summary

1. As a nation our homes have never been more important to us than during the coronavirus crisis. For some people, home has been a sanctuary, for others, a prison. Everyone deserves a safe, secure, comfortable, and affordable place to call home. Investing in social housing makes this possible.

2. Housing providers have stepped up to face the challenge of the COVID-19 pandemic. They have worked hard to keep their tenants and residents safe and helped to house people who were homeless through the 'Everybody In' response. They also face competing, complex and expensive demands including building urgently needed new homes, carrying out remedial works to make sure that buildings are safe, and ensuring that homes meet the net zero carbon target. They are ready and willing to meet the challenge and, with the right financial support, can deliver on these key shared priorities, building the new homes the nation needs, modernising existing homes and making a significant contribution to the government's 'levelling up' commitment.

3. Investing in social housing will boost the economy, create jobs and improve people's lives when our nation needs it most. Analysis by the Centre for Economic and Business Research on behalf of the National Housing Federation (NHF) shows that, in England, building 90,000 new social homes a year would add £4.8bn to the national economy and support 86,000 jobs.

4. Our submission includes a package of proposals designed to make sure that homes, and the people who live in them, are at the heart of the government's post-COVID green economic recovery plans.

    - Boost the post-COVID economy by investing in 90,000 new social rented homes per year for 10 years and commit to long-term government investment and support for modern methods of construction to significantly increase the scale and pace of delivery of homes

- Help people with their housing costs so that they can find an affordable, decent place to call home and undertake a complete review of the relationship between housing and welfare policy, to properly consider the cumulative effects of various measures

- Increase support to enable social housing providers to carry out works to make buildings safe, including remediation works and the costs of complying with the new building safety requirements for higher-risk buildings

- Deliver on the commitment to fund all EU structural funding programmes, at current levels, through the Shared Prosperity Fund

- Invest in existing and new supported housing to meet a range of needs and provide a national, ringfenced funding stream for housing related support to the sustainability of valuable existing and new supported housing schemes

- Take further steps to end homelessness and rough sleeping including investment in high-fidelity Housing First services, floating support, good quality temporary accommodation and specialist services, for example, for people experiencing domestic abuse

- Invest in housing to achieve net zero carbon and boost the post-COVID economy by retrofitting existing homes to raise their energy efficiency and make their power and heating sources renewable and building new homes that are ‘net zero carbon’ and if possible that generate energy

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Chartered Institute of Housing

CSR priority 1: Strengthening the UK's economic recovery from COVID-19 by prioritising jobs and skills

1. Boost the post-COVID economy by investing in new homes at social rents

1.1 The economic impact of the COVID-19 pandemic poses a significant challenge to our country and we support the government's drive to mitigate it. Previous experience shows that, as economic conditions become increasingly challenging, build out rates of homes for market sale either slow or stop altogether. A large-scale programme to build affordable homes, in particular homes at social rents, would deliver substantial national and local economic benefits including safeguarding and creating jobs in the construction and associated industries. This would support the government's two stated commitments to 'build build build' and 'level up' opportunities for communities across the country. We welcome the certainty that the recently announced Affordable Homes Programme 2021-26 provides. It is also encouraging to see that government recognises the value of homes at social rent as part of the programme.

1.2 Alongside the current economic conditions, we also face the longstanding challenge of a chronic undersupply of housing, with an increasing number of households experiencing real stress and poverty because they don't have a decent and secure home. Many households find themselves stuck in housing that is not only unsuitable and poor quality, but also high cost. The measures introduced by government to control the spread of the COVID-19 virus brought this into sharp focus.

1.3 Heriot Watt University research commissioned by the NHF and Crisis in 2018 highlighted a need for 145,000 affordable homes in England each year over the ten years 2021-31, of which 90,000 are for social rent and the remainder for low-cost homeownership or intermediate renting. The projections show that any programme has to be heavily skewed towards southern England (including London), which accounts for the majority of new need.

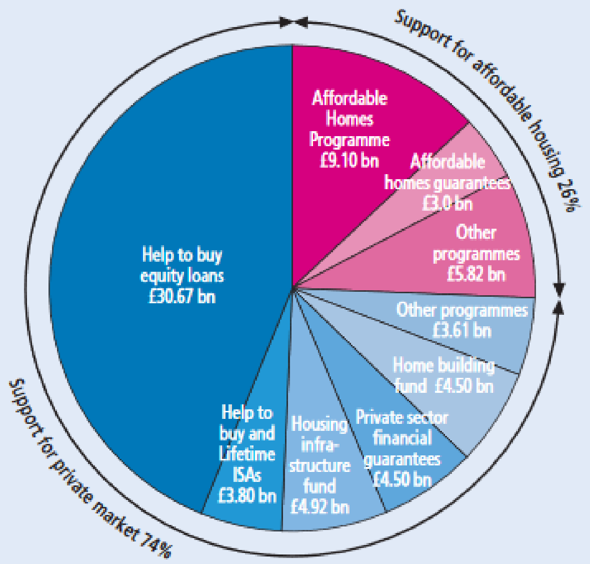
1.4 The total build cost for a programme of this size is an average of £46.2bn per year. The majority of this would be met from a combination of private borrowing, cross subsidy from sales, the implied cross subsidy from s.106 contributions by private developers, and discounted land values. The remainder (£14.6bn per year on average, or £12.8bn in today's prices) must be met via capital grant from the government. A higher grant rate might be needed in higher value areas. Such a level of investment in England would result in a sizeable consequential in terms of the money going into the block grants of the devolved nations – around £1.2bn in Scotland, £709m in Wales, and £441m in Northern Ireland – with the expectation that devolved governments would invest the money in social housing.

1.5 Committing to this level of funding over a 10 year period would provide greater certainty to housing providers and so enable them to lever in significant additional private investment. This would support building at increased scale and, crucially, retain capacity within the construction industry.

1.6 CIH has previously shown that there is a massive imbalance in government investment in housing, with almost three-quarters going towards supporting the private market or homeownership and just 26 per cent supporting affordable housing. The pie chart below shows this split in general terms, looking at the period up to

2023, as it stood before the March Budget. It includes spending in the form of loans and guarantees as well as grant or direct investment. The picture will have changed slightly given announcements in the Budget and the Summer Statement, but the balance of investment is broadly the same.

Distribution of government support for housing capital investment in England, 2018/19-2022/23



Source: *UK Housing Review 2019* and official sources.

1.7 The chart shows that, although a demand of £12.8bn annually in funding for new supply is considerable, it is not out of kilter with other government investment in the context of spending on Help to Buy, ISAs, the Home Building Fund, the Housing Infrastructure Fund and the other measures being used to support the private market. CIH believes that a fundamental restructuring of government incentives and programmes is required, to retarget them on those most needing support in the housing market and enable the required level of new investment to take place.

1.8 As the economy continues to feel the effect of the global pandemic the risk of a housing market downturn will increase. Previous fiscal shocks have led to levels of housebuilding dropping. A similar downturn over the coming year would be particularly problematic coming at a time when the country can ill-afford the reduction in delivery and sector capacity. A ring-fenced fund, additional to the Affordable Housing Programme, such as that proposed by the Affordable Housing Commission in its latest report, and made available to social landlords and local authorities could be used to buy new build homes for sale on stalled sites at cost, for conversion to affordable homes. This would have the effect of continuing to inject liquidity into the housing market, keep developers building and deliver much needed affordable housing.

1.9 This fund could be further targeted to enable housing providers to buy existing homes from homeowners for conversion to affordable housing. The Affordable Housing Commission's proposal for a National Housing Conversion Fund makes a strong case for a £1.3bn fund for England that could deliver up to 42,000 new affordable homes, providing a boost to the economy and an increase in economic activity.

1.10 Investment is not enough on its own. Any programme must be backed by a strategy that takes account of wider factors such as controlling the loss of existing affordable stock, setting rents at genuinely affordable levels, ensuring that welfare policies do not undermine housing objectives, addressing the challenges faced by low-income households in the private rented sector, and protecting (and indeed increasing) investment in the existing social housing stock so as to meet standards higher than the now outdated Decent Homes Standard and address building safety requirements.

1.11 This isn't just about the number of new homes - quality is also important. The pandemic has reinforced the importance of a safe, affordable and decent home for our health and wellbeing. For example; poor housing already costs the NHS an estimated £1.4 billion a year in England, largely due to the impact of cold homes and risk for falls. But the study by BRE in 2016 estimates that wider societal costs, including lost educational and employment opportunities is £18.6bn.

1.12 Research by Habinteg and Papworth Trust in 2016 revealed that disabled people of working age with unmet housing needs are four times more likely to be unemployed. There are 13.9 million disabled people in the UK and an estimated 1.2 million wheelchair users, yet, as demonstrated in Habinteg's Forecast for Accessible Homes, less than half of Local Plans set any requirement for a proportion of new homes to be developed to any accessible standard and, outside London, only 1 per cent of new homes will be suitable for someone in a wheelchair. We welcome the recent announcement of a consultation in accessible standards, and hope that this will ensure s higher accessibility standard becomes mandatory for new homes of all tenures.

1.13 Given the scale of our housing shortfall, and the need to deliver more homes at speed, modern methods of construction (MMC) has huge potential, with the right support. Benefits include:

- The opportunity to make a step-change in delivering energy-saving, climate-friendly homes
- Homes built to higher space and accessibility standards
- Consistency of production standards which potentially resolves the weaknesses in enforcing building regulations exposed by the Grenfell Tower fire
- New employment opportunities outside the traditional building trades which can help to solve building industry skill shortages.

MMC has improved in terms of the quality of the product but requires support to drive forward scale so that the industry could have confidence to continue to invest and deliver more homes. Long-term government investment and support in this area would help to significantly increase the scale and pace of delivery of homes. As the recently published report Build Homes, Build Jobs, Build Innovation points out, 50,000 new jobs could be created if the government were to set a target of 75,000 modular homes being delivered per year by 2030.

1.14 Government should also renew investment in community-led housing schemes, including community land trusts, as this addresses its ambition to drive economic recovery and deliver 300,000 homes a year. There are over 10,000 homes in the pipeline waiting for further investment in the Community Housing Fund, and an ambition to deliver 23,000 homes by 2025 with £180 million invested over five years. This will make a significant contribution to the government's overall targets, often in areas that would be left undeveloped, due to community resistance or sites that are unattractive or unavailable for development by mainstream providers. Research by Capital Economics for the National Community Land Trust Network revealed that in 10 per cent of cases community groups have developed housing on sites where previously opposition prevented any development. The report demonstrates these schemes deliver £1.80 benefit for every £1 over 10 years, rising to £3 when factoring in health and wellbeing over 30 years. Community-led schemes often involve innovative methods of construction built to high and locally agreed design codes.

1.15 The scale of investment required overall, taken together with the wider challenges that must now be faced, call for a comprehensive reappraisal of policy not just a new spending programme or one-off initiatives. Investing in new homes at social rents will not only make sure that everyone has a decent, affordable place to call home but, as analysis by the Centre for Economic and Business Research on behalf of the NHF shows, building 90,000 new social homes a year would add £4.8bn to the national economy and support 86,000 jobs. This would deliver a welcome boost to the post-COVID economy.

2. Help people with their housing costs so that they can find an affordable, decent place to call home

2.1 The economic impact of the COVID-19 pandemic has led to many more people claiming benefits, including many who have never done so before. We welcome the steps taken by government to mitigate the immediate impact such as resetting local housing allowance rates at the 30th percentile.

2.2 The pandemic has brought into sharp focus the issues inherent in the current welfare system and now is the time to consider how a fit for purpose approach might look. This should include thorough consideration of the relationship between housing and welfare policy to ensure that that there are no unintended consequences.

2.3 With the furlough system coming to an end in October and many people facing job losses as the economic impact of the pandemic continues to bite, government should use the comprehensive spending review to consider the following specific changes to avoid a sharp increase in homelessness and financial hardship.

Maintain local housing allowance (LHA) rates to the 30th percentile and return to annual uprating

2.4 Prior to the coronavirus outbreak LHA rates had been frozen for four years and had failed to keep pace with local rents in the three years before that. Our research showed that, as a result, immediately prior to their restoration UC/HB claimants only had access 30 per cent homes in around one in every 20 local housing markets. Our earlier research also showed how rapidly the real value of LHA rates can decline, and how difficult it becomes to later restore them once the uprating mechanism is decoupled from local rents. In 2013 in the first year after the link with local rents was broken, the real value of the LHA fell 30 per cent in around one in four local markets. We are concerned that from 2021 onwards LHA rates will once again be frozen, or at best be indexed by the Consumer Prices Index (CPI). When judged against the metric of preventing homelessness, CPI indexation is a very poor strategic choice because it moves funding away from housing markets that are under the most stress and redirects towards those that are under the least. The Office of National Statistics (ONS) index of private rental prices (at better measure for estimating the overall cost) was 1.4 per cent in the previous 12 months to July 2020 whereas the CPI figure for the same period was 1.0 per cent.

Shortening the initial assessment period to 15 days for nil income claims under Universal Credit

2.5 We welcome the measures previously announced to shorten the period between the date of claim and the first payment of universal credit (UC) from six weeks to four weeks. Transitional housing benefit (HB) payments help to reduce this further but only for claimants transferring from legacy benefits to UC and therefore are a once-only measure. Anyone who makes a new claim subsequently will still face a five week wait. But claimants who are entitled to both UC and new-style jobseeker's allowance (JSA) are entitled to payment of JSA after just two weeks and so are much less likely to get into debt. However, claimants who are not entitled to JSA will still have to wait over one month. There is a strong case to shorten the first assessment period for claimants with no other income to 15 days. Our estimate is that it would cost about £125 million annually.

2.6 An alternative approach would be to introduce:

- a flat rate non-contributory element to JSA for all UC claimants without earned income. This would ensure that claimants received part of their award on a two-weekly cycle and help smooth out income flows. Their JSA element would simply be deducted from their UC payment at the end of the month and so the cost would be negligible. It would also help reduce the demand for UC advances; or
- a partial universal basic income (UBI) by abolishing the income tax personal allowance and replacing it with a UBI payment that has an equivalent value (i.e. £12,500 at 20 per cent = £48.07 per week). The additional cost to the HM Treasury would be for all those currently earn less than the personal allowance.

Abolish the removal of the spare room subsidy

2.7 We consider that removing the spare room subsidy has not met its stated objectives and, indeed, is hindering government's work to reduce homelessness and end rough sleeping. Savings to the public purse have been smaller than government's original estimates, and are insignificant in the context of a £22 billion overall housing benefit bill, while a 2015 evaluation of the policy showed that 55 per cent of those affected were in rent arrears. Anecdotal feedback from our members suggests that, in most cases, smaller properties are simply not available for those affected to move to and that in some areas the policy has led to family-sized accommodation becoming hard-to-let.

Case study

During the pandemic, housing providers in the Liverpool City Region have joined together to ensure that people who have been sleeping rough are rehoused into settled homes. The outcomes have been impressive with providers offering up vacant homes, securing furniture and household effects and supporting people for up to six months while they settle in. This is delivering better outcomes for people and also providing good value for money compared to the cost of hotels and hostels.

They could help even more people but lack the one bedroomed homes needed. They are understandably reluctant to house single people in two bedroomed accommodation because, while they may qualify for up to 12 months of discretionary housing payments (DHP) to cover the gap between rent and housing benefit due to the removal of the spare room subsidy, they will be left with a gap they cannot make up when the DHP ends and potentially at risk of homelessness again. This demonstrates the way in which welfare policy is at odds with MHCLG's objective of ending rough sleeping.

2.8 We consider that the policy is not working as intended, is pushing many households into hardship and rent arrears, runs counter to government's aims to end rough sleeping (as illustrated above) and therefore should be abolished. We estimate the annual cost of this to be approximately £300 million.

Abolish the £20,000 (£23,000 in London) benefit cap

2.9 Although the overall benefit cap affects a relatively small number of households, we are concerned that many of these face extremely large losses. Government statistics show that 43 per cent of capped UC claimants are losing more than £50 per week, an amount which is very likely to jeopardise their ability to sustain a tenancy. In the worst cases, households who have their HB entitlement reduced all the way down to a notional 50p per week have no viable housing options at all, anywhere in the country. In practice they are likely to be completely dependent on discretionary housing payments to avoid homelessness.

2.10 We are alarmed at the very steep rise in households being capped between February and May 2020, up by 93 per cent to 154,000 and we are concerned that there might be a further steep climb during December 2020 and January 2021 when the grace period for those who made new claims between April and May 2020 expires. If nothing is done, we are concerned that the rapid expansion of capped households following the lockdown could become a major new driver of homelessness. We believe it is exceptionally harsh.

2.11 Although the stated aim of the cap is to encourage more households to move into work, government's own statistics clearly show that it mostly affects those who are unlikely to be able to work, due to either health problems or childcare commitments. Only 15 per cent of HB capped households are currently receiving job seekers allowance, with a majority receiving either income support or employment support allowance – households which, even under existing government policy, are not regarded as able to work.

2.12 We consider that this policy is also not achieving its objectives, is placing many households at risk of homelessness and should be abolished. We estimate the annual cost of this to be approximately £485 million for each year the UC/HB capped caseload remains at its May 2020 levels – we would expect this to reduce in later years as the economy regains strength. In the alternative, as a recognition of highly unusual economic conditions which cannot be said to the fault of any claimant we suggest that the length of the grace period should be doubled to eighteen months for anyone who made a new claim for UC during the first quarter of 2020/21. Urgent action is required to ensure that this is in place before the current grace periods start to expire in December.

Permanently restore access to public funds for those excluded because of their immigration status

2.13 We welcome the positive progress made since the start of this crisis to accommodate rough sleepers and those at risk of homelessness. However, we are aware of many concerns about the emerging challenges in creating move-on options for this group. We are aware that some local authorities are now denying accommodation to rough sleepers and those at risk of homelessness, if they have no access to public funds. Although the majority of rough sleeper will receive longer-term help, we are extremely concerned that a significant minority – at least one-fifth, or up to half in London, could fall through the net due to their immigration status or lack of documentation. This produces a continuing risk to the health of the individuals involved, as well as creating additional risk for the population at large. We believe that many rough sleepers – perhaps most –of those who are undocumented, including those from the EEA and who currently have no access to benefits could rectify their situation if given time and support, including legal help.

2.14 We acknowledge that those with a no recourse to public funds condition attached to their immigration status can apply to have this removed if their financial situation changes, but of course this is not straightforward and requires access to legal help. We also acknowledge that some people have no access to benefits because they are undocumented migrants, however we are also aware of evidence that many – perhaps most – of these could rectify their situation if given time and support. As a first step, we urge that the government lift restrictions on access to public funds for a period, ideally at least for a year. This would enable interim help to be given to all those experiencing and at risk of homelessness and allow time for longer-term solutions to be developed. To ensure that all councils will have the required resources we recommend access to universal credit as a much more effective way of ensuring that accommodation can be financed for those who need it.

Retain the extra £20 weekly allowance in universal credit and working tax credit

2.15 We urge the government to retain the extra £20 weekly allowance in universal credit and working tax credit and to extend it to those on other, legacy benefits. Prior to the COVID-19 outbreak, benefits had been uprated at less than the rate of inflation in six out of the previous seven years (including four in which they were frozen) over which time they had lost about 10 per cent of their real value. Many of those that benefit from the £20 uplift will be claiming for the first time and so are less likely to be burdened with debt and more likely to have savings. We also know that a good number of these new claimants are non-householders. Conversely, we estimate that around there are around 1.1 million working age social renters and 330,000 private renters on housing benefit who don't qualify because they don't get universal credit or working tax credit. It begs the question that, if welfare allowances are insufficient to live off during the pandemic for people who don't have the costs associated with maintaining a home, then how are those that do supposed to manage. There is a significant tenure bias to this discrimination - we estimate that around 80 per cent of private renters who get help with their housing costs are on universal credit or working tax credit whereas only around 50 per cent of social renters are.

3. Increase support to enable social housing providers to carry out works to make buildings safe

3.1 A key challenge facing government and housing providers is the scale of works needed to make sure that tenants and leaseholders living in higher-risk buildings are safe. This relates both to the inspection and remediation works required to existing building to make them safe now and also preparing for the new regulatory regime for higher-risk buildings (as set out in the recent Draft Building Safety Bill).

Remediation works

3.2 We have previously welcomed the £1.6 billion funding for the replacement of unsafe cladding on high-rise residential buildings in the social and private sectors and the additional £10 million of funding per year for tailored building checks and inspections, but this will not be enough to address level of work needed. For example, earlier this year, the G15 (a group of the biggest housing associations in Greater London) has calculated that the total cost of making their collective buildings in scope safe could be as much as £6.9bn.

3.3 Our submission to the Building a Safer Future called on government to create a building safety fund to support remediation works on existing buildings in scope to ensure that they are compliant ahead of the new regulatory regime. We believe that the government should now review this fund to reflect the true cost of the work required to make buildings safe as many of the current issues are the result of a systemic failure of the previous building safety regulations.

Compliance with the new building safety requirements for higher-risk buildings

3.4 The second key issue is the costs associated with the new building safety regime as set out in the Draft Building Safety Bill and the Fire Safety Bill.

- The impact assessment of the Building Safety Bill includes a 'best estimate' of costs of £442m a year over 15 years and an overall estimated total of £6,085m
- The Early Adopters Group has estimated that the ongoing costs of implementing the new regulatory system could be as much as £90,000 per building in scope per year
- Based on 52 buildings in scope a London borough council has estimated compliance costs of around £75m in years 1-5 with costs of around £15,000-35,000 per building for the safety case review alone.

3.5 There is a challenge for government to ensure that the costs of implementing requirements in the new regulatory system remain affordable, both to residents and housing providers. We are concerned that, without a “pump priming” fund to support the set up and transition to the new scheme, monies will be diverted away from providing the housing supply this country so desperately needs.

3.6 Not only will government investment in building safety work ensure that resources are not diverted away from new supply, it will also create jobs and help to boost local economies meaning that it is an investment rather than a cost.

CSR priority 2: Levelling up economic opportunity across all nations and regions of the country by investing in infrastructure, innovation and people

4. Fund all EU structural funding programmes, at current levels, through the Shared Prosperity Fund

4.1 As a joint signatory to the June 2016 official leave campaign letter, the Prime Minister committed to fund all EU structural funding and has reaffirmed that commitment on several occasions since.

4.2 According to the National Audit Office, between 2014-2020, the UK would have received more than £10 billion in Structural Funding from the EU. Broken down into the nations, and based on the current exchange rate, that would be:

- England - £6.5billion (€7.1billion)
- Wales - £2.2billion (€2.413billion)
- Scotland - £871.29million (€941million)
- Northern Ireland – £475million (€513million)
- Gibraltar - £10.18million (€11million)

4.3 We also join with the calls from the Devolved Nation administrations in Wales and Scotland, as well as the Mayors within the Northern Powerhouse Region, that any current or future money available through the Shared Prosperity Fund should be devolved in its entirety, based on historic distribution, along with complete control over how it is spent. This would be in addition to any investment in housing. Doing so would both respect the will of the people, as expressed in the devolution referendums of 1997, and the democratic accountability of the English regional Mayors. It would also respect the spirit of the original methodology behind the distribution of structural funding – that is, that democratically elected administrations on the ground in those nations and regions are best placed to make the strategic decisions about where the money would be best spent in order to boost economic growth.

CSR priority 3: Improving outcomes in public services, including supporting the NHS and taking steps to cut crime and ensure every young person receives a superb education

5. Invest in existing and new supported housing to meet a range of needs

5.1 Supported housing for working age and older people who have additional support needs is an important resource to ensure that people can live well and safely in communities and also prevent or reduce reliance upon more costly public services, especially social care and health. The need for decent, safe and accessible housing has been clearly demonstrated through the pandemic. Many social housing providers have given additional help and support for residents, in particular those who might have additional need for help due to age and/ or health conditions. ONS data does not identify specialist housing schemes as a separate category in its data on COVID-19 infections and deaths but, anecdotally, there have been limited cases in these schemes, in spite of difficulties in accessing PPE. For many people, having a decent, accessible home, with the reassurance of timely support if needed, will have been an important factor in supporting physical and mental health at this time.

5.2 With that in mind, we welcome the ring-fencing of 10 per cent of the Affordable Housing Programme 2021-26 for supported housing. This is a positive step which demonstrates that government recognises the vital role that this form of housing plays – and there is scope to go even further to develop existing and new services.

5.3 There is already a range of evidence that aims to evaluate the benefit of investment in supported housing in respect of savings for other public services, such as health, care and the criminal justice system. Research by Frontier Economics in 2010 demonstrated the value of investing in supported housing with £639 million savings delivered each year across other areas of public spend. In terms of client groups, the savings equated to £365 per person per year for offenders or people at risk of offending; £1,368 per person per year for disabled people; £4,671 per person per year for people with mental health problems and £6,764 per person per year for people with learning disabilities. Demos, in 2017, estimated the benefit from retirement housing for health and social care services at £486 million a year.

5.4 Government recognised the value of supported housing when, in 2018 after extensive consultation with the sector, it confirmed that funding for eligible residents would remain within the welfare system. This provided a necessary level of certainty both for the people living in these schemes and for the housing providers.

5.5 There is still a challenge for the ongoing provision of supported housing, however, due to the lack of funding available for the support services that are an integral part of these housing models. Funding for this has been cut drastically or removed entirely where local authorities, facing significant cuts to their budgets, have had to focus solely on statutory services. The National Audit Office identified cuts of 69 per cent to housing related support budgets (2010/11-2016/17).This has led to the loss of many vital supported housing services including provision for people fleeing domestic abuse.

5.6 The lack of funding for a core element of supported housing causes real difficulties for landlords and service providers and does not create an environment in which organisations are able or willing to invest in new supported housing, especially given that it can be more difficult and take longer to develop. CIH calls on government to provide a national, ringfenced funding stream for housing related support to address this deficit and to support the sustainability of existing and new supported housing schemes. This should at least be equivalent to the last such investment programme of £1.4 billion (although we note that figures of £1.58 billion for England and £2.05 billion for Great Britain were estimated in the most recent evidence review for government in 2016).

6. Take further steps to end homelessness and rough sleeping

6.1 We have recently seen a welcome reduction in the numbers of rough sleepers and people who are experiencing homelessness as the Homelessness Reduction Act 2017 takes effect, but levels of homelessness are still four times higher than the lowest point in 2007/08 (Homelessness Monitor, 2019). Homelessness is damaging to both physical and mental health and the effect is cumulative – the longer someone is homeless, the greater the impact. The Covid-19 crisis has highlighted that homelessness, and rough sleeping in particular, is also a public health issue.

6.2 In its 2019 general election manifesto the government committed to:

- End rough sleeping by the end of this parliament (2025) and
- The effective implementation of the Homelessness Reduction Act 2017.

To meet the first of these commitments, we believe that government must shift its use of funding to more preventative services. Most funding for homelessness is spent on services that provide accommodation and support to people who are already homeless or threatened with homelessness. There needs to be a focus on more proactive services and approaches that provide support to people and households to prevent them becoming homeless in the first place. This includes:

- **Housing First services** - CIH has signed a joint Housing First England Housing Advisory Group statement calling on government to commit to long-term funding for the support services needed to enable 16,500 Housing First tenancies over the current Government term and to ensure there is a supply of suitable homes to meet the scale of need for Housing First and wider housing-led provision to tackle homelessness
- **Floating support** to provide advice and support to prevent homelessness in the first place and provide resettlement support
- Good quality **temporary accommodation** to make sure people don't have to sleep rough until they find a permanent home. A report from Heriot-Watt University and the Centre for Collaborative Housing Evidence (CaCHE) has highlighted that a significant number of local authorities are relying on 'communal sleeping provision' (dormitories) to house for rough sleepers. This type of accommodation leaves potentially vulnerable people open to exploitation and threats, as well as suffering indignity. Covid-19 has forced the government and local authorities to treat homelessness as a public health issue and the response has largely been positive. CIH therefore strongly urges government to continue to treat homelessness as an urgent public health matter, and continue to provide local authorities with the financial and other resources they require to end the use of unsuitable accommodation of this kind
- **Specialist services** e.g. domestic abuse refuges, culturally and religiously sensitive services and support for people who misuse drugs and/or alcohol
- **Supported housing** for people who are unable to live independently or need support to get to a position where they can do so

6.3 CIH supports the aims of the Homelessness Reduction Act 2017 and the introduction of Homelessness Reduction Boards. The change in culture to one of prevention and the strengthened safety net are welcome changes. However, in line with the 'localism' agenda, government should use the comprehensive spending review to provide local authorities with the funding and other resources they need to make the intentions of the Homelessness Reduction Act a reality.

6.4 The 'Everyone In' scheme provided £3.2 million to local authorities to provide emergency shelter to people who are rough sleeping. It was both welcome and effective and has helped to house around 15,000 people. Government must use the comprehensive spending review to commit to finding, and funding, a long-term solution to both the potential crisis that will occur if there is a substantial spike in rent arrears and evictions when the current protections end; and a longer-term solution to homelessness, particularly rough sleeping. This includes addressing the adverse impact that welfare policy is having on people's ability to find and maintain a decent, affordable place to call home, as outlined above.

CSR priority 4: Making the UK a scientific superpower, including leading in the development of technologies that will support the government's ambition to reach net zero carbon emissions by 2050

7. Invest in retrofitting so that housing can help to deliver the government's green agenda

7.1 Unless the UK economy decarbonises by the middle of this century, along with the other countries, climate change could become intolerable and severely disrupt life on the planet; we need to act quickly and effectively. Housing is a vital part of this challenge, 14 per cent of emissions come directly from energy used in building homes and living in them.

7.2 Housing is also the sector where progress can be made most quickly. Our housing leaks energy and has inefficient heating systems – we're near the bottom of the league in Europe for 'low carbon' heating. One in ten people face heating bills that are too high for them. Cold homes cause ill health, so homes that are warmer and less costly to heat are healthier. Poor housing, including cold homes, is estimated to cost the NHS £2.5 billion annually in extra treatment, similar to the costs caused by people smoking.

7.3 The economy is in recession and a programme to decarbonise housing is a quick and effective way to stimulate it, potentially creating 325,000 UK jobs over the next 15 years. The government's Committee on Climate Change urged the prime minister to "use climate investments to support economic recovery and jobs" and think tank, Bright Blue, called for a "resilient recovery" in its report Delivering Net Zero. The Energy Efficiency Infrastructure Group says a stimulus package based on retrofit would create 40,000 jobs within two years and 150,000 by 2030. The Local Government Association's call for a green stimulus says that one-fifth of the 700,000 jobs it hopes to create would come from energy-efficiency work. There is therefore a strong consensus that a retrofit programme both contributes to meeting the government's carbon targets and creates jobs. The housing sector can lead this agenda, to benefit tenants, create jobs and ensure they meet government targets.

7.4 The government must invest in housing to achieve net zero carbon and boost the post-COVID economy by:

- retrofitting existing homes to raise their energy efficiency and make their power and heating sources renewable
- building new homes that are 'net zero carbon' and if possible that generate energy

Retrofitting existing homes

7.5 UK homes are [unfit for the challenges of climate change](). Some 26 million existing homes across the UK must be made low carbon, low-energy and resilient to a changing climate. It is a huge task. It will mean installing:

- excellent insulation in lofts, walls and (possibly) floors
- double- or triple-glazed windows
- draught-proofing
- low-carbon heating to replace gas or solid-fuel boilers
- energy-efficient and water-efficient appliances
- protection against flooding if needed.

7.6 The 2017 Clean Growth Strategy set an ambition for all homes to be rated 'EPC band C' by 2035, a steppingstone to the full 2050 target. Currently 19 million UK homes fall below band C, so 1.2 million must be retrofitted each year to achieve it. The Energy Efficiency Infrastructure Group (EEIG) says this requires annual investment of £5.2 billion, with government funding of £1.7 billion leveraging £3.5 billion from owner-occupiers and landlords.

7.7 Responsibility for achieving the UK target is devolved, with the Westminster government setting the overall target but devolved administrations being responsible for detailed measures. The government pledged £9.2 billion in its manifesto to improve energy efficiency, beginning in 2020/21, but so far has announced plans only for part of this – therefore plans should be brought forward for the remainder. A £2 billion Green Homes Grant in England offers up to £5,000 per house, rising to £10,000 for low-income households. The chancellor forecasted that 650,000 homes will be upgraded, implying an average spend of just over £3,000 per house. This is welcome, but still falls well short of the rate of progress needed to meet the target.

7.8 Delays in tackling retrofit are partly attributable to the policy hiatus caused by the pandemic, but there are now widespread calls for a 'green' recovery plan and for retrofit to be a key part.

What does the government need to do?

7.9 The government has already announced a welcome range of measures including:

- A £2 billion ''Green Homes Grant'' in England to fund up to two-thirds of the cost of home improvements in over 600,000 homes, supporting over 100,000 jobs.

- A £50m social housing retrofit programme, a pilot study to create "innovative approaches to retrofitting social housing at scale to make them greener." The money will give tenants better insulation, heat pumps and double glazing.
- £26 million to "reduce build costs and carbon emissions in the construction industry" as part of a wider £350m plan.

7.10 In 2019, the government published its Green Finance Strategy which estimated the cost of achieving the retrofit target to be between £35-65 billion and acknowledged that considerable private sector funds would need to be mobilised. The government's 2019 election manifesto promised £9.2 billion over five years for energy efficiency work, beginning in 2020/21. This was a significant commitment but only part of this funding has so far been announced. CIH urges the government to make a full commitment in the Comprehensive Spending Review. Government should also give a clear role to social landlords to take the lead and provide resources that enable them to get started.

7.11 We are encouraged by the Chancellor's action in creating the Green Homes Grant. It is a significant start; it puts government backing in place and shows how energy efficiency can be at the heart of economic recovery. But much more is needed, without further delay, if the government's targets are to be met.