

# Rural Services APPG

## All-Party Parliamentary Group on Rural Services

17<sup>th</sup> December 2013, 12:30pm  
Dining Room B, HoC

### Agenda

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1. <b>Notes of previous Meeting</b> 12 <sup>th</sup> November 2013	2
2. <b>Matters arising from the last meeting</b>	
3. <b>Rural Transport</b> John Birtwistle, Projects Director UK Bus, First Group Plc to report on Rural Bus Issues.	
4. <b>Local Government Finance Settlement</b> David Inman to report if announcement available	
5. <b>Rural Fair Share Campaign</b> Update	
6. <b>Next Meeting</b> 16 <sup>th</sup> January 2013 – HoC London 12.30pm (lunch provided)	

**For further details concerning this meeting please contact:**

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# Rural Services APPG

All-Party Parliamentary Group on Rural Services  
Tuesday 12<sup>th</sup> November 2013, 12.30pm – 1.30 pm  
Dining Room B, HoC

**In attendance:**

**Members:**

Graham Stuart MP – Chairman  
Neil Parish MP  
Alan Beith MP  
Bill Wiggin MP  
Nigel Evans MP  
Eric Ollerenshaw OBE MP  
Andrew Bingham MP  
Jon Carroll, Parliamentary Assistant to Graham Stuart  
Toby Hannam – Parliamentary Assistant to George Freeman

**Rural Services Network (RSN) (Secretariat):**

David Inman – Director  
Andy Dean – Housing lead

**Speakers:**

***Rural Housing Solutions***

Jo Lavis

***Rural Housing Alliance***

Martin Collett, English Rural Housing Association  
Peter Moore, Cornwall Rural Housing Association  
Sue Chalkley, Hastoe Group

**Also in attendance:**

Sarah Davis, Chartered Institute of Housing  
Monica Burns, National Housing Federation  
Adrian Maunders, English Rural Housing Association  
Ursula Bennion, Housing Plus  
Zoe Cox, Grand Union Housing Group  
Elliott Stephenson, Grand Union Housing Group

**1. Notes of Previous Meeting**

Notes from the meeting on 8<sup>th</sup> October 2013 were agreed as an accurate record.

**2. Matters Arising from the last meeting**

There were no matters arising.

### 3. Presentations

#### a. Rural Services Network

Andy Dean summarised the need for effective rural proofing which is encapsulated in national guidelines published by Defra in July 2013 – the government’s stated aim is to be sure rural areas get a fair deal from all government policy, HM Treasury’s Green Book explicitly refers to rural proofing and it is required when departments prepare policy impact assessments. Defra’s guidelines outline how rural proofing should be applied to all stages of policy development including, where appropriate, adjusting policies or delivery.

The Rural Services Network has recently formed a partnership with the Rural Housing Alliance, a group which brings together specialist rural housing associations from across England. Andy explained how this builds on the existing partnership between the Rural Services Network and the Chartered Institute of Housing with both partnership arrangements affording excellent opportunities to assist government departments with effective rural proofing of future housing policies and delivery.

Andy then introduced the topic of under-occupancy deductions, also referred to as the removal of the ‘spare room subsidy’, with reference to a DWP Housing Bulletin published on 30 July 2013. This bulletin announced the allocation of £5 million Discretionary Housing Payments for the 21 least densely populated local authorities, six of which are in England. The bulletin states that “normally claimants may find work, increase hours, take in a lodger or ask for higher contributions from family members to mitigate the impact of the removal of the spare room subsidy. These remedies are less readily available to people living in remote or isolated communities because of location and in addition there is a lack of smaller properties to downsize to.”

A full copy of the Defra Rural Proofing guidelines is available at:

<https://www.gov.uk/government/publications/guide-to-rural-proofing-national-guidelines>

A full copy of the DWP housing bulletin is available at:

<https://www.gov.uk/government/publications/hb-bulletin-u42013-discretionary-housing-payments-additional-funding>

#### b. Rural Housing Solutions

Jo Lavis outlined how output of new affordable homes has fallen by one third over the last three years with only 1910 affordable homes built last year in settlements of less than 3000 across the country. 72% of these were delivered in high value areas of southern England. Delivery is running well short of need. For example, in Cumbria over the last five years a need for 1177 homes has been demonstrated across 134 parishes. Last year just 29 were completed with a further 26 on site.

Cuts to grant rates from an average £40,000 to £21,000 per unit are impacting hard on small rural schemes which are more costly to deliver with fewer units across which abnormal can be spread. The result is a gap in funding that Affordable Rent does not cover in mid to low value areas (and is not affordable in high value areas). Alternative financial options are limited. For example, commuted sums are being utilised but the sums are small because local authorities are understandably keener to see affordable homes developed on the same site as market homes to ensure

delivery. Cross subsidy from market housing is only a significant option in higher market areas. In addition, lenders are much more stringent in their requirements making it harder for Housing Associations to raise private finance.

Despite the intense difficulties in delivery, many Housing Associations and local authorities remain committed to developing new affordable homes. Jo concluded that in the same way as the National Planning Policy Framework requires local planning authorities to be responsive to rural circumstances, national funding policies could be encouraged to do the same.

With reference to under-occupancy deductions, Jo had coordinated a short survey across a number of Rural Housing Alliance members. A copy of the report of this survey is available at: [www.rsnonline.org.uk](http://www.rsnonline.org.uk)

**c. Rural Housing Alliance**

Martin Collett, Director of Operations at English Rural, gave the first of three presentations concerning the introduction of under-occupancy deductions. English Rural is a specialist rural landlord, providing affordable homes in small villages primarily across the South of England. Majority of tenants are in work, but low paid work.

By far the biggest risks associated with the loss of spare bedroom subsidy identified by English Rural are the financial and emotional hardship caused to households affected and the wider implications for gaining local support for new affordable rural homes. Given the lower levels of affordable homes in rural areas and working age tenants living in them, the financial implications of excluding rural areas from the policy are not likely to be significant, but the positive political and social benefits would be. Comparable policy exceptions are already made for Right to Acquire, so precedent is available.

The main challenges facing rural households affected by the loss of spare room subsidy were identified as follows:

- Lack of available alternative suitable housing locally given lower levels of affordable homes in rural areas for tenants feeling pressurised to move from support networks;
- Potential to impact delivery by jeopardising local political and community support due to perception that principles behind developing homes are being compromised, particularly given most homes are developed using the rural exceptions policy;
- Financial hardship on tenant, made worse by higher living costs associated with rural areas;
- Financial risk to housing associations through increased re-let activity, empty homes and non-payment of rent. Affecting potential investment in new homes.

The second presentation was given by Peter Moore, Chief Executive of Cornwall Rural and Chair of the Rural Housing Alliance. Peter outlined a number of examples from Cornwall of the impact of the under-occupancy deduction. A particular issue highlighted is that Associations operating in rural areas have been encouraged by local authorities, government agencies and local communities over many years to build properties larger than one bedroom in order to provide for the long term. Schemes in rural communities take a significant period of time to come to fruition when working effectively with communities and determining the best development site. Changing this approach to one which encourages the development of smaller

properties will take time to have an impact in terms of changing the property types available and enabling tenants to downsize where necessary. In the hamlet of Shop, for example, an initial successful new build scheme in 1993 of 2/3 bedroom properties resulted in the Association being requested to carry out a second phase. Following detailed discussion with the local authority 7 additional properties were completed in 2008. Throughout discussions it was agreed that the provision of one bedroom properties would be short term. One property in this hamlet is occupied by a couple whose children have moved away. They work locally and are subject to the under-occupancy deduction. However, there are no one bedroom properties available across either this or the neighbouring parish across all tenures.

The final presentation was given by Sue Chalkley, Chief Executive of the Hastoe Group. Sue outlined the importance of the Rural Exception policy and a community led model to delivering affordable housing schemes. Successful schemes which deliver as promised, often utilising a site from a landowner with strong local connections, build community confidence in the process, frequently resulting in further phases being delivered and in other communities being encouraged to seek their own developments. However, Rural Exception is a fragile policy which can be easily undermined. For example, it is critical for local communities to see new homes being occupied by those with a local connection, agreed as part of the development and planning process. There is a great danger that removal of the spare room subsidy will result in homes being occupied by those further and further away as local households in need seek smaller available properties elsewhere in order to reduce the impact of the benefit reduction.

Following the presentations and resulting discussion, the following was agreed:

- A short rural housing barometer be tabled at future meetings of the Rural Services APPG on key available statistics;
- A short paper suggesting a small number of concise policy requests in relation to the discussion be drafted for consideration (*this has been drafted and is attached*);
- Peter Moore attend the Chair's planned meeting in the new year with the Chair of the ERFA Select Committee.

#### **4. Next meeting - Tuesday 17<sup>th</sup> December 2013**

# Key Rural Housing Issues stemming from discussion at the Rural Services APPG on 12 November 2013

## Under-occupancy deductions/removal of the spare room subsidy

**Proposal:** Pursue change of the definition of rural communities used by DWP from the 21 least densely populated local authority areas to all settlements below 3000.

*“Normally claimants may find work, increase hours, take in a lodger or ask for higher contributions from family members to mitigate the impact of the removal of the spare room subsidy. These remedies are less readily available to people living in remote or isolated communities because of location and in addition there is a lack of smaller properties to downsize to.”DWP Housing Benefit Urgent Bulletin, HB U4/2013, 30 July 2013.*

DWP have already accepted that people living in remote and isolated communities are compromised in their response to the removal of the spare room subsidy and allocated Discretionary Housing Payment accordingly. 21 local authorities will benefit, including 6 district councils in England. However, the same issue exists in many more rural areas and the bar needs to be lowered to ensure that identical issues are addressed in other rural areas. The cost implications of extending the number of rural areas to benefit from this payment are unlikely to be significant. The EFRA Select Committee has recommended that all settlements below 3000 population would be exempt from the policy. This would provide a more consistent and less arbitrary mechanism for ensuring the particular issues associated with rural areas are addressed in a fair manner and would be fully in line with exemptions that already exist in relation to Right to Acquire policy.

This approach would help to maintain local support for Rural Exception Sites policy by:

- ensuring that homes built in close cooperation with communities meet expectations that they are occupied by residents with a close local connection;
- providing sustainable homes which are flexible to meet the needs of the local community now and in the future;
- maintaining and enhancing community support for the development of additional appropriate affordable homes.