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Date: 20th December 2004

Dear Mr Cowlshaw

HOUSING CAPITAL ALLOCATIONS 2005/06

I am writing to provide you with details of your authority's allocation of mainstream housing capital funds for 2005/06. This allocation is the second made under the regionally focussed arrangements established as part of the Sustainable Communities action programme launched by the Deputy Prime Minister in February 2003.

Under these arrangements, Regional Housing Boards (RHBs) were established in each region to make recommendations to Ministers on how housing investment resources (Regional Housing Pots) should be allocated to address agreed strategic housing priorities. The priorities for 2004/05 and 2005/06 were firstly set out in the Regional Strategy for Housing Investment, which was published on 5 September 2003 and then detailed in the East Midlands Regional Housing Strategy published in July of this year.

The arrangements cover the housing funds allocated to both local authorities (apart from the Major Repairs Allowance and support for Disabled Facilities Grants) and housing associations. The RHB made recommendations on the split of funding between local authorities and housing associations, where the fund should be allocated within the region and the broad activities that it should support, eg provision of new affordable, housing elements of area regeneration.

Following regional consultation, the RHB agreed the following particular priorities for the East Midlands in preparing the allocation strategy:-

- Meeting the Decent Homes Standard by 2010.
- The impact of the MKSM growth area objectives on the region.
- The need to ensure public investment in housing acts in support of the social, economic and environmental objectives for the region and focuses on supporting and underpinning growth, urban renaissance, rural development and sustainability.
- The wider aims of the Sustainable Communities Plan to ensure social inclusiveness through a focus on rural housing, the housing needs of BME communities and housing for vulnerable groups.
- The need to ensure the continued regeneration of urban communities, working towards the 60% target for the utilisation of previously developed land.



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In order to avoid major disruptions in existing programmes RHBs were required, in drawing up their recommendations, to allocate a formula-based minimum share of resources to each authority (75% of GNI in the East Midlands) and to provide for all housing association schemes already approved by the Housing Corporation.

The RHB's recommendations for your authority's provisional allocation for 2005/06 were firstly submitted to ODPM Ministers at the end of July 2003 as part of the two-year allocation strategy 2004/06. Ministers' considered these provisional allocations again earlier this month.

The Supported Capital Expenditure (Revenue) allocation for your authority for 2005/06 is £3,953,172. This figure has been increased from the amount previously provided to you in a letter dated 10th December 2003 to reflect your decision to take up a further £141,000 to the allocation you have already received to support extra activity in the private sector. As a result your allocation for 2005/06 to support this area is £805,172.

As previously, a part of the allocation, £1,670 is being retained in line with your authority's estimate (provided on the 0302 housing subsidy claim form) of grant to be claimed in 2005/06 for support for private sector renewal grant commitments entered into before 1 April 1999.

As in previous years the funding for 2005/06 relates to levels of expenditure to financed through borrowing with revenue funding to meet the cost of this borrowing being provided through Revenue Support Grant and the Housing Revenue Account Subsidy system. As a result of changes to the local government finance system (arising from the Local Government Act 2003) the aggregate of borrowing allocations no longer acts as a limit for the authority's overall borrowing. From 1 April 2004 authorities were able to borrow above this level provided that they have the revenue resources to meet the borrowing costs.

Information about the Regional Strategy for Housing Investment and the Regional Housing Strategy is available on the GOEM website www.go-em.gov.uk

A copy of this letter has also been sent to your Head of Housing.

Yours sincerely



MELANIE ALKER
DIRECTOR OF LOCAL GOVERNMENT