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REVEALED: Councils Have Failed To Spend £375m Earmarked To Ease The Housing Crisis

The council responsible for Grenfell is sitting on £21million.

By Owen Bennett, Peter Hibberd



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Councils across the UK are hoarding hundreds of millions of pounds set aside for affordable homes, HuffPost UK can reveal.

Data obtained by this website shows more than £375million is sitting in councils' bank accounts instead of being used to tackle the housing crisis.

Two-thirds of that cash - £235million - is being held by just 14 councils.

Labour-run Southwark has £52.6million in the bank, while Camden – also controlled by Labour – has £37.6million.

Tory-run Kensington and Chelsea, which has yet to find new homes for two-thirds of those families affected by the [Grenfell Tower tragedy](#), has £21million for affordable housing sitting unspent.

And in an embarrassing twist for the Government, one of the worst offenders is in the constituency of Housing Minister Dominic Raab, with Elmbridge in Surrey sitting on £8million.

While almost £140million of the unspent cash has been earmarked for schemes – although not yet been spent - almost £100million has not even been allocated to specific projects.

One housing campaigning group labeled the findings as “staggering”, while the National Housing Federation called it “deeply concerning”.

The money comes from a piece of planning law called Section 106 Agreements, which allows councils to get money from developers in exchange for granting planning permission for projects.

The cash has to be used for specific tasks, such as affordable housing, highways repairs and even public art.

Reacting to the discovery, Housing Secretary Sajid Javid MP said: “Section 106 payments help deliver the vital infrastructure required for councils to build the homes that this country needs.

“We expect councils to use funding from developers in line with the priorities agreed in their local plans.”

HuffPost UK asked every council in England and Wales to reveal how much they had received in Section 106 monies since 2013/14, how much they had spent and how much was unallocated.

The top 14 councils hoarding money for affordable housing are:

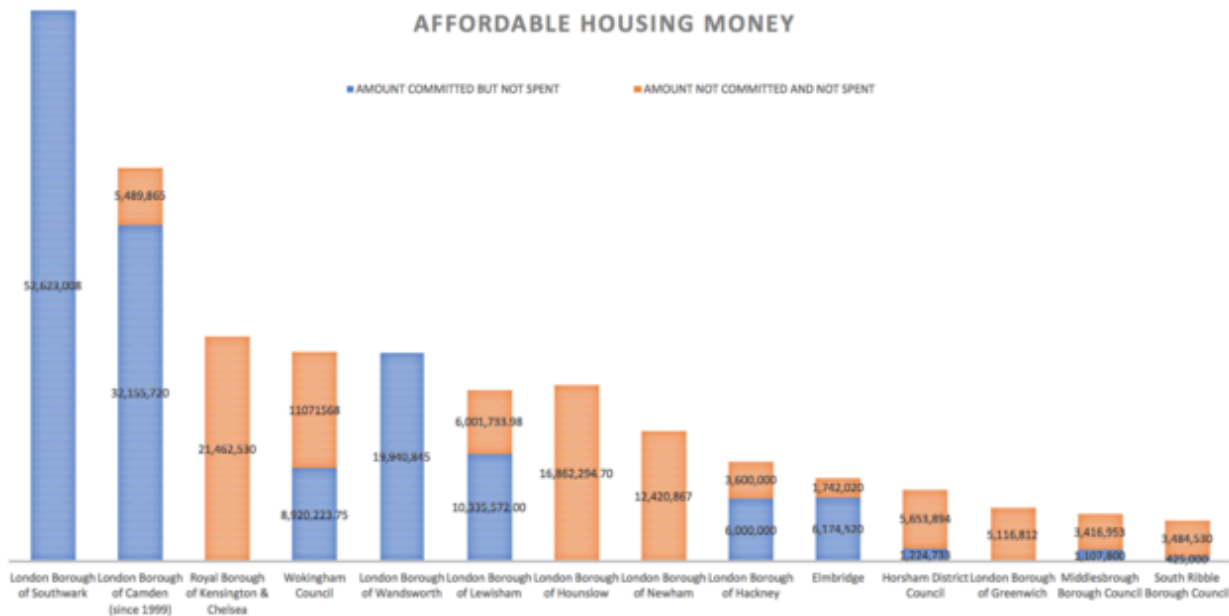
- London Borough of Southwark: £52.6million (all committed)

- London Borough of Camden (since 1999): £37.6million (£5million uncommitted)
- Royal Borough of Kensington & Chelsea: £21.4million (all uncommitted)
- Wokingham Council: £20million (£11million uncommitted)
- London Borough of Wandsworth: £20million (all committed)
- London Borough of Hounslow: £16.9million (all uncommitted)
- London Borough of Lewisham: £16.3million (£6million uncommitted)
- London Borough of Newham: £12.4million (all uncommitted)
- London Borough of Hackney: £9.6million (£3.6million uncommitted)
- Elmbridge District Council: £8million (£1.7million uncommitted)
- Horsham District Council: £6.9million (£5.7million uncommitted)
- London Borough of Greenwich: £5.1million (all uncommitted)
- Middlesbrough Borough Council: £4.5million (£3.4million uncommitted)
- South Ribble Borough Council: £3.9million (£3.5million uncommitted)

Based on analysing responses from the 267 councils who responded to the request, HuffPost UK has calculated there is £375million of unspent affordable housing cash being held across England and Wales.

Of this, £204million is unallocated to any specific projects.

The true figure could be much higher, as the London boroughs of Islington, Bexley and Bromley, and the city councils of Manchester, Liverpool and York, did not respond.



HUFFPOST UK

James Prestwich, Head of Policy at the National Housing Federation told HuffPost UK: “It is deeply concerning that councils in England and Wales are sitting on a pot worth hundreds of millions specifically earmarked for affordable housing.

“The fact that just 14 councils are responsible for almost two-thirds of this underspend is even more worrying, particularly as almost all of them are in London and the South East where the need for affordable housing is greatest.

“This reconfirms our view that affordable housing should be delivered within new developments, rather than developers simply funding its delivery elsewhere.

“This would guarantee that affordable housing will be built alongside other homes within the same development, rather than the money getting lost in the long, bureaucratic process of allocating it for housing elsewhere.”



BARCROFT MEDIA VIA GETTY IMAGES

Housing Secretary Sajid Javid is believed to be carrying out a review of Section 106 payments

The Tories have vowed to tackle the housing crisis facing the UK, and [in November Chancellor Philip Hammond targeted the building of 300,000 new homes a year in England to meet demand.](#)

The chair of the Local Government Association [Lord Porter attacked the Chancellor after his Autumn Budget for failing to increase the cap on what councils could borrow to fund house building programmes.](#)

“The Local Government Association (LGA), as the voice of councils, has repeatedly called for all local authorities to be given the freedom to borrow to build the additional affordable homes that will not be delivered by the market,” he said.

When the LGA were contacted for comment on this story, HuffPost UK was [sent a link to a quote for a story relating to housebuilding figures on March 22.](#)

“

The size of the underspend is staggering

—Affordable housing campaign group PricedOut

But the revelation that councils are stockpiling money has angered some in the

construction industry.

Andrew Whitaker, planning director at the House Building Federation, which represents firms behind 80% of all new builds, said: “Private house builders are increasingly delivering the country’s affordable housing either through on site provision or through cash contributions to local authorities.

“If we are to gain the trust of communities that this cross subsidy from developer contributions is helping to address our affordable housing needs it is imperative that the money is used by local authorities to provide the promised affordable housing in a timely manner.”

A spokesperson for PricedOut, which campaigns for affordable housing in the UK, said: “Although there are many reasons councils might not have spent all of their s106 contributions, the size of the underspend is staggering.”

They added: “Councils should be doing all they can to get affordable housing built.”

Section 106 agreements are currently being investigated by the Ministry of Housing to see if the process can be made more transparent, according to a well-placed source in the department.

Labour’s Clive Betts, chair of the Housing, Communities and Local Government Select Committee, said he would instruct MPs to look into the issue.

He told HuffPost UK: “It’s concerning that some councils appear to be sitting on hundreds of millions of pounds that could be going towards the building of much needed affordable new homes.

“Unspent Section 106 monies are an issue we will look at as part of our current inquiry into land value capture.

“We will be looking at the effectiveness of current land value capture methods, including Section 106 agreements, and considering new approaches to ensure that the public properly gains from rises in land prices arising from public investment in infrastructure and the granting of planning permission for housing.”

Councils’ Responses

The Freedom of Information request was sent on February 2, and under the Freedom of

Information Act 2000 councils have 20 working days to provide the information, or explain why they were refusing to comply.

HuffPost UK contacted the 14 councils named in this story to get a response.

Some councils claimed that the information provided by their own FOI departments was incorrect or already out of date, and money had indeed been allocated. Kensington and Chelsea Council claimed £20million of its unallocated £26million had been allocated to Grenfell survivors, even though its FOI response of March 29 did not say that.

Here are the responses of the 14 councils HuffPost UK contact.

Southwark

“We can confirm that the balance of S106 receipts for affordable housing not yet spent has been committed to specific projects, including those currently in the pipeline. All the schemes identified are projected to be complete by 2022/23.”

Kensington and Chelsea

“In terms of committed sums, we are currently in the process of closing our 2017-18 accounts, however we are currently forecasting to use £19.932m of Section 106 funds in 2017-18. But this is a provisional figure at this time and may change. The £19.932m has been set aside to buy more houses and flats for those displaced by the Grenfell fire.”

Camden

“Most of the council’s planned expenditure on new affordable housing is through Camden’s Community Investment Programme (CIP). This ambitious programme aims to build 1,400 affordable homes over a 15 year period and has completed 229 council homes and 79 other affordable homes to date.

“Following a review of funding allocations, we are planning to contribute £42.8m in s106 funding to this programme and other affordable housing schemes between 2017 and 2020.”

Hackney

“The funds committed in each financial year are not directly related to the value of payments received that year. Section 106 payments have been accrued over a number of years and therefore the funds committed are likely to include contributions received

across a number of years. This is because it can take a period of time after funds have been received for them to be spent on relevant projects. For example a school expansion will likely involve a number of smaller amounts collected over time being grouped together and spent. The amounts committed are allocated through Cabinet reports which are available to view on the Council's website and the relevant paperwork includes the proposed expenditure time line for each allocation.

"Of the amounts not committed or spent, again there is always a delay between the time when funds are received and when they are spent. Often the section 106 agreements do set out a deadline for expenditure of five years but generally the Council will seek to spend the funds as soon as possible in accordance with the terms in the agreement."

Wokingham

Graham Ebers, deputy chief executive and director of corporate services, said: "Our executive has approved a range of affordable housing projects, totalling £27,308,469 of expenditure (against received and anticipated S106 receipts). £8,395,000 of this was spent during 2017/18 financial year on three different affordable housing projects (Phoenix Avenue, Fosters Extra Care and Anson Walk). Circa £16 million of expenditure on affordable housing projects is expected in 2018/19 financial year. This is an illustration of our ongoing commitment to the provision of affordable housing in the borough."

Wandsworth

"This money will be used to help us achieve our target of building 1,000 new council homes over the next five to eight years. This housebuilding programme will be funded from a variety of sources, including sums secured in planning consents as commuted sums for affordable housing. The Council is also committed to two major estate regeneration schemes and an acquisition programme to purchase properties to increase the supply of locally affordable homes available for rent."

Hounslow

"Further to your FOI enquiry regarding the circa £16m of S106 money we can confirm that the Council has allocated and committed this sum to deliver approx. 200 social homes across 12 sites in Hounslow Borough over the next 4 years."

Newham

"The money has not yet been committed to a project."

Elmbridge

“The funding which has been committed but not spend is spread across six different projects. We anticipate that this funding will be spent by March 2020, with the majority of it spent within the next 12 months. On some projects, most of the committed funding will only be payable once the housing association concerned has actually built the properties and they are ready for occupation, and this explains why the commitment might last that long.”

“We are not in a position to confirm when this money will be committed to specific projects. Since the original FOI request, the Council has committed a further £525,000 from S106 receipts to support the expansion of an affordable housing initiative. Furthermore, Council Officers are exploring a number of other opportunities both with regard to Council-owned sites and proposals brought to us by our housing association partners, where use of S106 receipts could help deliver affordable housing to meet identified needs. This is an ongoing process, with contributions being received and the Council looking at how best such monies can be used to address local housing needs.”

Lewisham

“We are in the process of spending the allocated affordable housing amounts over the coming period on projects in the borough. By virtue of the nature of these affordable housing projects, it is difficult to fix the precise date when any spend will occur, however we are actively working on these projects and spending of these amounts as planned.

“We are currently drafting a strategy for allocating and spending the remaining affordable housing S106 contributions. It is envisaged that this strategy will be publically available once formally adopted by the Council, and we’re working towards having this approved within the coming year.”

Horsham

“Since 1 April 2013, £5.5m has been spent (14 units Crawley Road £0.7m; Alley Groves Cowfold £1.35m; Stonewall Coldwaltham £0.1m; Hyde Christ’s Hospital £0.4m; and temporary accommodation in the Bishopric Horsham £2.9m). £3.5m is committed and will be spent in 2018/19 (nine temporary accommodation units at Rowan Drive, Billingshurst £1.55m; eight temporary accommodation units at Peary Close Horsham £1.45m; and £0.5m to Countryside). The remaining money will be committed to specific projects in line with the Affordable Housing Investment Policy

Greenwich

No response

Middlesbrough

“The Council adopted an Affordable Housing Strategy in February this year, which will provide the framework within which the funding will be allocated and used to deliver affordable housing. As such the Council is still developing proposals on how the S106 contributions will best be used.”

South Ribble

Councillor Peter Mullineaux, Leader of the Council, said: “We encourage the creation of new affordable homes through the council’s grant programme, which provides funds to housing associations and other organisations.

“The grant programme is made possible due to Section 106 funds and we are always welcoming applications.

“Housebuilding is one of our key priorities for the next five years, as outlined by our new Corporate Plan (2018-2023).

“Furthermore, our firm intention to meet housing need in the borough is strengthened by our new Housing Framework which was formally adopted in January 2018.”

[Suggest a correction](#)



[f](#) [t](#) **Owen Bennett**

Deputy Political Editor, HuffPost UK



Peter Hibberd

Senior digital analyst, AOL

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Russell Netto

In 2007, the Labour government said that an affordable home should not cost more than 25% of one's annual income. The average mortgage payment across the country (according to the Natowide BS) is now around 35% of income. In order to pay an 'affordable' rent today in London one would have to be earning over £100k p.a. You cannot pump even relatively small amounts of money into council budgets and expect houses to be built immediately - even the ones the