



Councils call on Government to make house-building a reality

Councils are enthusiastic about building new homes and have challenged Government to overcome barriers that are currently standing in their way.

The appetite among local authorities to build new properties was apparent when more than sixty councillors and senior officers came together for a panel debate at the House of Commons on 26th March. The event, **Financing council newbuild: from words into action**, was organised by the Association for Public Service Excellence (APSE) and the Association of Retained Council Housing (ARCH) following Prime Minister Gordon Brown's commitment to enable councils to play a bigger role in providing new homes and address barriers stopping them doing so.

The event preceded Housing minister Margaret Beckett's pessimistic pronouncements about meeting Government targets for 3m new homes by 2020. The Minister's special advisor heard a 'wishlist' from councils keen to make building a reality. Councils present called upon the Government to:

- **Secure receipts from Right to Buy sales for investment in new homes**
- **Enable borrowing against future rental income to take place outside of the Public Sector Borrowing Requirement, within a robust fiscal framework, in line with other European countries**
- **Apply a broader scope, less bureaucracy and greater freedoms to current proposals for changes to revenue and capital rules**
- **Provide pump-priming resources from the Homes and Communities Agency**
- **Provide a level playing field with other social landlords in terms of access to Social Housing Grant**
- **Reform the Housing Revenue Account subsidy system, which is currently under review, to enable council building to take place**
- **Allow historic debts – which have been repaid several times over – to be kept separate from new debts incurred to build new homes**
- **Enable councils to own and manage developments directly rather than having to use complex special purpose vehicles**

APSE chief executive, Paul O'Brien, who chaired the debate, commented: 'Ministers have talked about significant levels of council building for the first time in generations and this is an immediate way of addressing housing shortages while boosting the construction industry. Councils have land ready for development, good credit ratings, are democratically accountable and ideally placed to link

building with wider social, economic and environmental goals. They must have a level playing field with other housing options, however, in order to realise their undoubted potential in this time of national crisis.'

The House of Commons debated featured; Nick Palmer, MP for Broxtowe, Cllr Gary Porter, housing portfolio holder on the LGA Environment Board; Sukvinder Kalsi, assistant director finance, Birmingham City Council; and Ken Florey, head of service finance, Wandsworth London Borough Council and advisor to ARCH. It was followed by a presentation by Adrian Moran of the Homes and Communities Agency and detailed workshops at the Local Government Association headquarters.

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NOTES FOR EDITORS

1) The Association for Public Service Excellence (APSE) works with over 300 councils throughout the UK who provide front-line services, including housing. APSE runs specialist housing advisory groups for members and has campaigned rigorously for the past decade for the housing role of local authorities to be fully recognised. APSE has developed the Decent Neighbourhoods Standard as a holistic standard for wider neighbourhoods, which takes the Decent Homes Standard beyond bricks and mortar. APSE runs the secretariat for the Association of Retained Council Housing (ARCH).

For more information see the APSE website: www.apse.org.uk

2) Association of Retained Council Housing (ARCH) was set up to provide a collective voice for councils whose residents have voted for their council to be their landlord. Some 100 councils in England still own and manage council housing following tenants' ballots. ARCH has campaigned for a 'fair deal' for council tenants and opportunities for councils to fulfil their potential to contribute to new build targets. ARCH provides policy, lobbying, best practice sharing, events and a mutual support network for stock retainers.

For more information see the ARCH website: www.arch-housing.org.uk

3) Relevant stats and facts:

- There are currently 1.8m people on council waiting lists for housing.
- The Local Government Association (LGA) has warned that five million people could be waiting for a council house by 2010.
- Repossessions last year rose by over 50% and are expected to reach 75,000 this year.
- Almost nine out of ten councils are experiencing or anticipate an increase in demand for social housing because of the recession, according to latest research from the LGA.
- 57 per cent of authorities are seeing more people in need of social housing and 31 per cent expect to.

- Council building is down from 160,000 a year in the 1960s and councils have not built on any significant scale since the 1980s.

4) Prime Minister Gordon Brown's speech to the New Local Government Network conference indicated that ministers are taking the potential of councils as builders of new homes seriously for the first time in decades. He said councils should be given greater opportunities to play a 'bigger role in housing' and that his Government would be prepared to 'put aside any of the barriers that stand in the way' of them doing so.

5) Housing minister Margaret Beckett's has issued proposals for in a document *Changes to the revenue and capital rules for new council housing; Consultation on excluding new council housing from Housing Revenue Account Subsidy and Pooling*. The Government's final deadline for responses to the consultation is 17th April.

6) ARCH is submitting its detailed proposals on housing finance as part of the review of the Housing Revenue Account (HRA) subsidy system being conducted by the Departments for Communities and Local Government and HM Treasury.

The principles behind ARCH's proposals for a new regime will be as follows: The existing HRA mechanism should be dissolved rather than reformed; Councils should have self-determination on housing finance; Retained stock authorities should have sufficient resources – raised through grants, borrowing, rents and asset management – to manage stock effectively; Retained stock authorities should be able to borrow money to manage improvements and replenish stock; Leaving surpluses on existing stock with local authorities would provide resources to direct to priorities, including new-build; Rent determination should be a local decision; and transitional arrangements must be put in place to enable stock retainers to move to a new, fairer regime without prohibitive 'buying out' costs.

7) The housing minister has told the BBC that the Government's pledge to build three million affordable new homes by 2020 is in trouble because of the recession.