Back to the bad old days of council housing?

By Chloe Fletcher

Policy Director, National Federation of ALMOs

Self-financing for council housing was introduced by the Conservative Housing Minister Grant Shapps in April 2012. This meant councils kept all of their rental income and invested it locally rather than it having to be paid into central government for distribution via a subsidy system. That deal was the result of a long and hard fought battle with many different governments over the years to persuade them that it was in everyone's interests to allow councils to manage their own housing like a proper business. The council housing sector achieved something rare in housing policy at the time which was cross party support for eminently sensible changes to the way in which council housing was financed and run. This meant that incentives were built into the system to improve asset management and run council housing in a more business-like and efficient manner.

Although there were still some central controls left in place, namely the HRA debt cap and the agreement for part of the RTB receipts to be paid back to Treasury, councils finally had the chance to agree what mattered to them and their communities and start putting their resources and assets to that use. In many cases that was to build more council housing for the first time in a generation. The result has been a surge in council house building with 6,340 new local authority homes being built in England since April 2010.

Now, unfortunately, it looks as if we are going back to the bad old days for council housing with Government cutting investment in council housing again by reducing rents for 4 years and re-introducing central control by demanding payment from councils on the basis that they sell off what they consider to be high value voids.

Councils already have to find, from their own resources, the costs of the discounts given to their own tenants exercising the Right to Buy and in some cases pay any remaining capital receipt over to the Treasury rather than being able to use it to re-invest in housing locally. The new requirement to pay the Treasury a sum of money each year based on a formula of the expected sale of high value voids will further deplete councils' resources and control over their assets.

In the light of these combined impacts on their HRA business plans, only agreed with government a few years ago, our members are now working closely with their councils to try to identify areas where further efficiency savings can be found, cuts can be made or services re-configured to ensure the core housing management services and essential repairs can still be carried out. Building new council housing is starting to look like a dream again rather than an achievable objective for many councils.

The devil will be in the detail and we have to wait until after Royal Assent of the Housing and Planning Bill for that but on the basis of what we already know about the rent reductions and an estimate of how many high value voids they may have to sell, members have indicated to us that they are already having to look to extend the time between planned maintenance programmes as much as possible, reduce painting and external works programmes and consult residents on reducing the locally agreed decent homes standards for internal improvements. After the recent, much needed, investment in the decent homes programme and our members' efforts in improving services and the wider environment on estates it is frustrating that these cuts will inevitably mean a reduction in both standards of maintenance to council properties and estates in some areas and a decline in the number of planned new homes being built by councils and ALMOs across the country over the next 5 years.

If you would like further information please contact Chloe by telephone on 07515050207 or via email at Chloe.Fletcher@almos.org.uk.