

## **“A radical programme of action”**

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**J**eremy Corbyn's conference announcement that Labour would be carrying out a review “of social housing policy – its building, planning, regulation and management” is very welcome. So is his comment that “Labour would speak to social housing tenants all over the country” and bring forward “a radical programme of action” in time for next year's Labour conference. However, one critical issue needs adding – funding.

The review gives tenants and supporters of council housing the opportunity to tell Labour what we think would constitute “a radical programme of action”. It suggests that Corbyn recognises the need to go beyond the Manifesto which was still rooted in New Labour's housing policy. For instance, Labour's “first priority” was not a council house building programme but helping first time buyers onto the proverbial housing ladder.

Whilst Jeremy had spoken of 100,000 council homes a year this was watered down to 100,000 “affordable homes” for “rent and sale” by the end of the Parliament, with no indication of the proportion of each.

John Healey has said that Labour will “begin the biggest council housing programme for at least 30 years”. However, that would be no great feat since only 16,000 were built then in England.

Swindon Tenants Campaign Group asked John Healey:

“How many council homes are you committed to build? The 100,000 by the end of the Parliament is for 'rent and sale'. In what proportions?...”

His office informed us that

“The exact proportion of rent/sale and exactly how many homes councils build will depend upon their choices once liberated from the cap on their housing revenue account.”

This suggests that the emphasis will be on borrowing to build rather than government grant. How much grant would be available under Labour? We were told:

“In real terms, grant funding in 2009/10 was over £4 billion. Average annual funding under Labour would be restored to around this amount.”

This is a reference to New Labour's National Affordable Homes Programme of 2008-11. The scale of support for new council housing from this was puny. In 2008-9 there were 830 new council homes built in the entire UK. In the following year it was 780 and in the next 1,760. Some of the programme was delayed and carried over to the period of office of the coalition government. Yet the highest figure reached, in 2011-12, was only 3,000.

If a similar amount of money is available under Labour then it won't go very far, especially, as John Healey's office has confirmed to us, the grant will not just be for 'social housing'

but *for part-ownership as well*. Moreover, councils will have to compete with housing associations for whatever grant is available.

### **Borrowing to build?**

How many homes could councils build from additional borrowing once Labour lifted the cap? John Healey's office quoted to us an old estimate of the Local Government Association that councils could build 80,000 homes over 5 years. That's a meagre 16,000 a year; better than for many years but not on a sufficiently large scale to tackle the housing crisis. Yet even this estimate is untenable. It pre-dates coalition and Tory government policies which have blown a big financial hole in councils' 30 year business plans.

There is a fundamental problem with the policy of councils borrowing to build. It takes no account of the financial crisis faced by local Housing Revenue Accounts (HRAs). Not only do councils have to service £13 billion extra 'debt' handed out in 2012, government policies such as the 4 year rent cut mean that individual HRAs are losing hundreds of millions of pounds in rent income.

Swindon Council, for instance, is now expecting to take more than £300 million *less* rent over the remainder of its 30 year business plan than was projected in 2012 when the 'self-financing' system was introduced. Bristol faces a shortfall of £210 million for capital spending. Other local authorities are estimating a loss of 12-14% of projected income *solely* as a result of the rent cut imposed by the government. We have seen the connection between the Grenfell Tower catastrophe and the [under-funding of existing council housing](#). Their HRA has a shortfall of £87 million over the next 5 years alone for necessary capital investment on their council stock.

It is unrealistic to expect council HRAs to take on more debt to build when they have to service the bogus 'self-financing' debt and face a shrinking revenue stream. The cost of servicing additional debt would eat into their funds at a time when they have insufficient income to maintain their existing stock. Servicing debt cost them 25% of their income in 2016-17 (Local Finance Statistics, England). Income for HRAs fell by nearly 3.6% over the last financial year.

A Labour councillor responsible for council housing in one area recently said to me, "why would I want more debt which has to be paid through a declining income stream? In the end it will just mean more cuts to service."

Labour's housing policy as expressed in the Manifesto bore no comparison to the expectations of Labour supporters based on the previous commitment to build 100,000 council homes a year. The Party's policy clings to New Labour's infatuation with home ownership rather than breaking with it. In fact they promised to extend Help to Buy to 2027 with support offered to people who earn up to £100,000 a year!

As the correspondence with John Healey's office shows, even the grandiose commitment to "the biggest council housing programme for at least 30 years", is merely rhetoric.

**Labour has as yet no commitment to a definite number of council homes.**

With the prospect of a Labour government, something which was widely considered as improbable before the General Election, there is an urgent need for supporters of council housing to campaign now for **a genuinely radical shift in Labour's policy**, from its concentration on home ownership to instead make council house building its **first priority**.

We should be under no illusion that the review will involve a fierce debate and a political struggle against resistance which strives to cling to the corpse of New Labour's housing philosophy.

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