

Public funding is the means to build/acquire social rent council homes

Andy Burnham's speech in the Manchester People's History Museum, in which he said that a government led by him would carry out "the biggest council house building programme since the post-war period", has raised hopes that if he becomes Prime Minister there would be a change of direction in the government's housing policy, with council housing becoming its first housing priority. There will be scepticism amongst many. Angela Rayner promised a "council housing revolution" which proved to be empty rhetoric. The government's new Social & Affordable Homes Programme has not a single penny devoted to council housing. Councils are left to compete for grant with housing associations, for profit providers, and builders/developers. The government has refused to offer a definite amount of grant, telling bidders that they are expected to minimise the grant they are asking for and maximise their own contribution.

The government has spoken of prioritising social rent, yet the programme only funds 18,000 social rent homes a year; just 6% of their annual target of 300,000. Meanwhile the number of social rent council homes continues to fall - [for the first time ever there are less than 1.5 million social rent council homes in England](#). In 2024/25 there was a fall in the number of them by 27,936 as compared to the previous year¹.

In order for Andy Burnham's words to be turned into deeds there needs to be a decisive break with the current government's housing policy. Shelter has warned

"If the government continues to pursue interventions designed to maximise private housing delivery even when these come at the expense of social housing, it is doomed to repeat the failures of the past and leave pressing housing need unaddressed."

In a media release in response to Andy Burnham's speech they said

"Delivering the biggest council housebuilding programme since the postwar period has the potential to utterly transform our country and restore the building blocks of people's lives. To make this vision a reality, the government must set councils up to build by removing unsustainable debt and delivering a big boost to investment."

Under-funding of housing revenue accounts

Back in 2019 the Labour Manifesto included a review of council housing debt. It was quietly dropped by the new leadership. However, in the light of a deepening financial crisis, a range of organisations have called for the government to address the problem of "[unsustainable \(council housing\) debt](#)". The Chartered Institute of Housing has called for a reduction of £17 billion. [Shelter has called for councils to be relieved of all of it](#). Whilst this won't resolve the under-funding of HRAs it will give councils with council housing stock around £1.2 billion a year extra (the approximate cost of servicing the debt) for maintenance and improvement of existing homes. We have previously explained [The case for cancelling council housing 'debt'](#).

The government will also have to address the general under-funding of Housing Revenue Accounts (HRAs) in order to prevent the deterioration of existing homes and the living condition of tenants. More than 100 councils issued a warning in "[Securing the future of council housing](#)".

"Unless something is done soon, most council landlords will struggle to maintain their existing homes adequately or meet huge new demands to improve them, let alone build new homes for social rent."

There can be no renaissance of council housing if existing homes are allowed to deteriorate.

Funding for new build/acquisitions

There has been a great deal of hyperbole in relation to the Social & Affordable Homes Programme. Yet it only funds 30,000 "affordable" homes a year. This is way below the 90-100,000 a year which is widely accepted as necessary to begin to resolve the housing crisis.

¹ Local Authority Statistical Data Returns 2024/25.

If the programme achieved its stated aim of 300,000 homes over 10 years it implies an average grant of £130,000 per property. With the same level of grant per unit, 90,000 social rent homes a year would require £117 billion over a decade, rather than £39 billion; £11.7 billion a year. 100,000 would require £13 billion a year. It will no doubt be said that the government can't afford this. But equalisation of capital gains tax with income tax would, alone, probably cover the cost. Investment saves money. A big increase in social rent council homes will save money on the housing benefit bill because the rent is much lower than "affordable rent"² or the local housing allowance in the private rented sector. It will save money for the NHS by taking people out of homes which are ruining their health.

If a large scale council house building/acquisitions programme is to be introduced then the government will also have to address the problem that 134 councils have no council housing. Instead of encouraging them to relaunch Housing Revenue Accounts and build council housing, it has increased the number of homes that they can build without setting up an HRA from 200 to 1,000. Anything they build outside of the HRA has to be funded commercially, with higher interest rates.

Private funding is no solution

One point of concern is the report in the Financial Times that

"One idea being explored by Burnham's supporters is whether the UK's national wealth fund could provide seed funding to new regional banks that would then attract private investment for a huge programme of new subsidised homes."

Another route, it said, might be the National Housing Bank. Both of these are directed at "leveraging in" private funding. **This should be vigorously opposed.** Commercial sources of funding are more expensive than government funding. Private funders are generally not interested in social rent homes because they don't produce a big enough return. This is shown by council owned private Local Housing Companies that borrow from commercial sources. A recent survey by Inside Housing showed that

- only 24.2% of homes built by them were social rent,
- 26.8% were for market sale,
- 18.4% were private rental,
- 11.8% "affordable rent" and
- 4.2% were shared ownership.

More than 45% market sale and private rental shows an interest in creating revenue streams for council general funds rather than addressing the housing crisis.

Housing Associations, which have to borrow from commercial sources, show a similar picture, with 24.2% social rent, 26.3% "affordable rent", 33.8% low cost home ownership and 8.5% market sale.

Step up the pressure

Andy Burnham has opened the door a little in relation to council housing. It's up to supporters of council housing, inside and outside of the Labour Party, to campaign for the funding that is needed for a renaissance of council housing, both existing homes and a large scale new build/acquisitions programmes. Let's step up the pressure. A Burnham led government needs to stop funding unaffordable "affordable rent", and finally bury the seemingly forgotten bedroom tax. It should end Right to Buy³. It needs to end the reliance on the oligarchy of large volume builders that build at a scale and a pace to maximise their profit and the dividends of their shareholders. They have no interest in resolving the housing crisis.

One immediate focus should be the inquiry on [the barriers to social rent council housing](#), organised by the All Party Parliamentary Group on Council and Social Housing.⁴ Its report can reinforce the message that social rent council housing should be the government's first housing priority. We will also test out whether

2 "Affordable rent" for council housing is £60 a week higher than social rent and £90 higher in London. [The government should end its support for the Tory policy of "affordable rent" – Labour Campaign for Council Housing](#)

3 Andy Burnham famously said that building council homes whilst Right to Buy was in place was "[like trying to fill up the bath with the plug out.](#)"

4 The deadline for submissions is July 24th. See the submission by the Labour Campaign for Council Housing here: [Submission to the All Party Parliamentary Group for Council and Social Housing inquiry on the barriers to building and acquiring social rent council homes – Labour Campaign for Council Housing](#)

we can get a debate on housing this year with our [model resolution](#) which we are asking CLPs to send in.⁵

Why not email Andy Burnham, welcome his comments on council housing, and tell him what you or your organisation thinks he needs to do to fund a council housing programme on a scale that can begin to bring down the numbers in temporary accommodation, on the waiting lists, and begin to liberate the younger generation trapped in the private rented sector? andy.burnham.mp@parliament.uk

One final point. Private finance is not the salvation of any public service, be it housing or the NHS. We have seen the consequences of the Private Finance Initiative in both council housing (see Stuart Hodgkinson's [Safe as Houses – Private greed, negligence and housing policy after Grenfell](#) for a forensic expose of PFI) and the NHS. The government needs to break with Tory “affordable housing”. Whatever funding is available should support social rent. Social rent council housing on any scale will only be provided through public funding. If council housing is a priority the funding can be found, just as it was by the Attlee government in far worse economic circumstances than we face today.

Martin Wicks
July 9th 2026

5 The leadership has sought to and succeeded in keeping housing off the agenda of the Labour conference for the last four years. Here is how they have done it. [“The lack of housing is such a fertile source of human misery” – Labour Campaign for Council Housing](#)