

To Angela Rayner
cc Matthew Pennycook, Andy Burnham



Re government housing policy

July 27th 2026

thelabourcampaignforcouncilhousing.org

Dear Angela

Congratulations on your appointment as Secretary of State for Housing, Communities & Local Government.

In a recent video you circulated, you said that the Prime Minister has given you three priorities, the first of which is a "council house building revolution". You said that the £39 billion Social & Affordable Homes Programme "will support councils to deliver that house building that we haven't seen for a generation".

Unfortunately the SAHP, as currently constituted, won't achieve that result.

- Not a single penny of the funding is specifically directed at council housing. Councils have to compete with housing associations, for-profit providers, and even builders/developers, for the grant. None of it is ring-fenced for councils.
- The government has told bidders that they have to minimise the level of grant they ask for and maximise their own contribution, so they don't know what is available.
- Homes England has recently written to bidders for grant asking them to "reprofile" their bids, because they were "over-subscribed". The Financial Times reported that the £39 billion was "back-loaded" over the 10 years. In other words more of the funding was for the next Parliament. (Another government can abandon it, of course.) **That poses the question how much of it is available during this Parliament and how much in the next? We should be told.**
- The £39 billion will only support 18,000 social rent homes a year. **That's just 6% of your 300,000 a year target.** There have been only 6 years when 300,000 or more homes have been built in England; in the 1960s. The average percentage in each of those years, which were council homes, was 41%.
- Although the government has spoken of prioritising social rent, last year, **for the first time ever** the number of social rent council homes in England fell below 1.5 million. There was a fall of 27,936 in 2024/25.
- The government headed by Keir Starmer decided to continue with the Tory policy of "affordable rent" (originally brought in to facilitate cutting grant by 60%) which is unaffordable for many. **Shouldn't the new government under Andy Burnham end support for "affordable rent" and focus all the funding on social rent, the most affordable for tenants?**
- Andy Burnham famously described building council housing, with Right to Buy in place, as "trying to fill a bath with the plug out". Isn't it the case that ending Right to Buy is the only way that we can ensure that each additional council home, built or bought, increases the available stock? Otherwise councils have to spend scarce resources on replacing homes sold.
- The government has made available for housing associations and for-profit providers, loans at the interest rate of 0.1%. However, it refused to allow councils to bid for them, because of the "fiscal implications". Councils are currently faced with the prospect of having to borrow from the Public Works Loans Board at around 6%. **If you want to encourage councils to build council housing then you need to offer them a much lower interest rate than currently available.**
- Of course, the key thing which will determine whether councils build or acquire on a greater scale is the level of grant available. Under the Tory government's Affordable Homes Programme the average grant for a social rent homes was £89,995. This government's Social & Affordable Homes Programme appears to offer an average grant of £130,000 (£39 billion for 300,000 homes). If grant at that level was available for 90,000 social rent homes, which Shelter and many others believe to be necessary to begin to resolve the housing crisis, **we would need at least £117 billion over 10 years, or £11.7 billion a year.**

- In England over the last six years, 44% of 'new' council homes have been acquisitions rather than new build. The government has said that grant can be used for a limited amount of acquisitions, though without any detail. **We would suggest that councils should be free to spend grant however they want, provided it produces social rent council homes.** Given the barriers to council house building (see our [submission to the inquiry of the All Party Parliamentary Group on Council and Social Housing](#)), acquisitions are an economic means of building up stock.

These are just some of the measures which are necessary if a renaissance of council housing is to take place and the numbers in temporary accommodation and on the waiting lists are to significantly decrease.

We certainly agree with Andy Burnham when he said

“The government should make building hundreds of thousands of council homes its defining purpose. No other policy achievable within a Parliament, would have greater social and economic benefits.”

We now have only three years left, but what Andy says is true. We can only achieve that if the funding is directed at social rent council housing, and grant is significantly increased.

There have been reports that the government is considering private funding. This would be a mistake. Private funding is more expensive than funding from the Public Works Loans Board. We see this with building by council owned private housing companies. Less than a quarter of the homes they have built are social rent. **Publicly funding social rent council housing is the key to resolving the housing crisis.**

One final point. We were disappointed to hear that you have ruled out rent controls. If the government is to tackle the 'cost of living crisis' then it needs to address the problem of unaffordable rent, one of the major drivers of growing poverty. Rent controls are clearly needed in the private sector, where rents have long outstripped wages and inflation. With council tenant rent arrears having risen to £393 million and nearly £800 million for housing association tenants, **we would suggest that you should abandon the previous government's policy of 10 years of above inflation rent increases.** Having introduced policies to resolve the issue of damp and mould it makes no sense to drive rents up to such a degree that more tenants will be unable to put on their heating for long, if at all. It also drives up the housing benefit bill.

We would be keen to discuss these questions with you at the earliest opportunity.

Many thanks

Martin Wicks
on behalf of the Labour Campaign for Council Housing

PS. You can contact us at labourcouncilhousingcampaign@gmail.com