There is no “tilting towards council housing”

Appearing before the House of Commons Housing Committee Angela Rayner said Andy Burnham's commitment to return to post-war levels of council housing delivery was not a “change of policy”.

“What I would say is it’s been tilted more heavily towards supporting councils in building the council homes that they need,” she told the cross-party committee.

When the government announced the first £9.58 billion of its Social and Affordable Homes Programme its press release bellowed “Historic council house building comeback to help families into secure homes”. Yet only three councils were given any money as “Strategic Partners”, funding just 2,811 homes between them, over 10 years! Even then they are not all social rent and not all council housing. Yet the government said that “Today’s announcement also marks a major step in the ambition to get councils building at scale again.” The statement continued, “Alongside housing associations, councils will be awarded Strategic Partner status with Homes England, helping put them firmly back at the heart of housebuilding.” Is this tilting towards supporting councils in building council homes, Angela? 2,811 out of 73,617?

In the Commons Committee meeting, Labour MP Andrew Cooper said there was an “understandable level of concern around uncertainty” in the social housing sector about the government’s council house building push. He asked whether there was a risk that tilting “too much towards council housing” would slow delivery. Was 2,811 homes too much?

Angela Rayner said she recognised that risk and had “eliminated it”. Hence in the £9.58 billion “a lot of it” went to social housing providers (housing associations)”. Quite a lot indeed. You can see the list here. Apart from Sage Housing, which is a for profit provider, Park Properties HA Ltd, which is the strange creature a “for profit housing association”, and the large volume builder Vistry, every other one is a housing association. By our reckoning (you can add it up yourself) “quite a lot” adds up to £8,147,400,000, or 85% of it.

For the government to say that £392.2 million given to 3 councils to fund 3.8% of the total, constitutes putting councils “firmly back at the heart of house building” takes some gall, in stark contradiction with the facts.

Those councils not given “Strategic Partner Status” have to apply via the Continuous Market Engagement process. Outside of London the fact remains that there is no funding ring-fenced for council housing. Councils have to compete for grant with housing associations, for profit providers, developers and large volume builders. *There is no tilting towards council housing.*

Angela Rayner said that the government had increased the number of council homes “that each council could build”. In fact there is no limit on how many council homes they can build, other than their resources and the grant they can or can't get from Homes England. Angela was most likely referring to the decision of the government to increase the threshold at which they have to set up a Housing Revenue Account. They increased it from 200 to 1,000. But contrary to Angela's assertion, these are not necessarily council homes. For instance, Inside Housing did a Freedom of Information Request which found that only 24.2% of homes built by council owned private companies were social rent, less than

market sales. And 18% of them were private rent, looking to provide a revenue stream to council General Funds. (See our Submission to the inquiry of the All Party Parliamentary Group of council and Social Housing).

The social rent percentage is virtually the same as that for housing associations, which Inside Housing reported to be 24.5%. One reason for that is that they both have to borrow funds at commercial rates of interest rather than from the Public Works Loans Board as councils do.

So, a home built by a council is not necessarily a council home.

One thing we do agree with Angela Rayner on. She said that “social rent is the most crucial thing”. If that's true, why is the government not devoting 100% of the funding to social rent homes, instead of funding the Tories “affordable rent” and “shared ownership”?