



Unite response to DCLG Green Paper - Homes for the future: more affordable, more sustainable

Unite is the UK's largest trade union with 2 million members across the private and public sectors. The union's members work in a range of industries including manufacturing, financial services, print, media, construction, transport, local government, education, health and not for profit sectors. The union has members working for local authority, Arms Length Management Organisation and Housing Association housing providers.

Executive Summary

- Unite broadly welcomes the Housing Green Paper, in particular the recognition of an urgent need to support more affordable housing.
- The housing crisis is not just about homelessness. Neither is it just about housing supply. Building more houses is a necessary, but not sufficient, part of addressing the affordability problem. Attention also has to be given to the role of house purchase lending.
- The market has failed to provide an adequate supply of decent, affordable and secure housing. Social housing – including council housing - is critical to addressing the affordable housing crisis.

- A tenant's 'right to choose' should include the choice of having their local authority as their landlord and their homes brought up to modern standards.
- Allowing local authorities to build, improve and maintain council housing stock (the so-called 'fourth option') is a critical element in solving the housing crisis.
- The Government's ambitions for more affordable housing need to be supported in practice with appropriate funding in the forthcoming Comprehensive Spending Review.
- Key worker schemes are frequently priced out of the reach of the very workers they are intended for.
- Alternative shared ownership and equity share schemes must be balanced against their impact on the availability of social housing.
- The Green Paper does not fully acknowledge the consequences of transferring housing away from local councils or of not offsetting the result of the 'right to buy' social rented housing.
- Unite welcomes the proposals to let councils build their own homes within the HRA but is concerned by the assertion that this will be allowed "only where it offers better value for money than other options". The criteria used to define "better value" needs to be clarified and made open to consultation. Council homes should include secure tenancies and affordable council rents.
- There seems to be a bias against council self-building in the Green Paper which states "in most cases, we would expect models which offer access to private finance to provide better value for money, delivering more affordable homes for the public investment".

- Many councils have been net contributors to the HRA for many years and should not be further penalised should they decide to leave.
- At the same time Unite does not want to see the cessation of support provided by the HRA for those councils that are net recipients.
- Replacement has to be a minimum condition on any local authority or housing association selling its stock, with the profit from the sale ring-fenced for house building only.
- Unite would like to see changes to the planning system that introduce deadlines by which developers have to complete their building on land in order to fit in with local and national housing targets.
- The Empty Homes Agency should be given more statutory powers to work with local councils to ensure appropriate use of vacant homes and other properties.
- Recommendations to build environmentally friendly housing that also brings economical benefits to tenants are welcome, but sustainability initiatives are also needed for existing stock. Private developers should be subject to the same high standards of sustainable building as public landlords.
- Council and housing association rented property must be considered as a major part of community planning. Providing more social housing should involve a greater social mix of tenants.
- A good housing strategy needs a good infrastructure policy. This needs to include access to good schools, health services, community services, transport and utilities.

- The tenuous nature of employment in the construction industry does little to recruit or retain operatives into the industry. The increasing lack of opportunities for direct employment is a real threat to the long term growth and stability of the industry.
- Adherence to national collective agreements promotes a framework for training whilst providing structured and stable careers.
- Local authorities who have retained their own workforce to maintain the housing stock or public buildings and have managed to retain apprenticeships are providing a steady supply of well trained experienced workers.
- There needs to be more and better funding around support services and 'Supporting People'.
- Tenant participation in housing associations needs to be improved and employee representatives should have reserved places on housing association boards.
- More attention needs to be paid to the social costs of housing association mergers.
- Marketisation has led to cuts in standards, terms and conditions of employees, reduced accountability, and damage to the 'public service' ethos.

The Unite case in detail

1. The housing problem

- 1.1. There can be no doubt as to the severe consequences of homelessness and a lack of decent affordable housing. For example, a survey by Shelter of more than 400 homeless households documents the devastating impact that sustained periods in temporary accommodation have on people's health, their opportunities to work, and their children's education¹.
- 1.2. Impressive efforts have been made to tackle the problem of homelessness. But it must be stressed that the housing crisis is not just about homelessness. It is a concern for the majority of the population and affects the efficiency of the economy.
- 1.3. Neither is it just about housing supply. Building more houses is a necessary, but not sufficient, part of addressing the affordability problem. Professor Peter Ambrose of the University of Brighton believes that consideration also has to be given to the role that the increase in the flow of house purchase lending has played in driving up house prices, which rose 307% between 1993 and 2004 compared to a 59% rise in earnings in the same period. Professor Ambrose argues that simply increasing housing output will not stabilise prices and rents. In his own words : *"What will be the effect if the stock of owner-occupied housing is increased by, say, 1% but the credit available to buy it increases by, say, 5%?"*²
- 1.4. The market has failed to provide an adequate supply of decent affordable housing. This is why social housing is critical to addressing

¹ *Living in Limbo* (Shelter, 2004)

² *New Hope for Affordable Housing?*, Professor Peter Ambrose, Press statement 11th July 2007

the affordable housing crisis, a conclusion reached by the recent Hills report³.

- 1.5. Shelter has also recognised the importance of social housing and that this includes both council and housing association accommodation. To quote : *“the chronic shortage of affordable rented council and housing association accommodation lies at the root of this crisis⁴.”*
- 1.6. The availability of appropriate social housing is a major concern for Unite and its members. The increased targets for social housing contained in the Green Paper are welcome. However, there are concerns that the levels of investment promised will not be enough to deliver the numbers needed⁵.
- 1.7. Local authorities must play a key role in the supply of social housing. There are currently 1.63 million households on council housing waiting lists - a clear statement of demand for council provided, secure housing. While many of these households may eventually end up in other forms of housing (because of long waiting times, for example), for many, council housing is what they want or need. The Government needs to address what housing the public wants, not what it wants the public to have, nor what private developers want to build. A tenant's 'right to choose' should include the choice of having their local authority as their landlord and their homes brought up to modern standards.
- 1.8. The Government's ambitions for more affordable housing need to be supported in practice with appropriate funding in the forthcoming Comprehensive Spending Review. To quote the House of Commons ODPM : Housing, Planning, Local Government and the Regions

³ John Hills – *Ends and Means : the future roles of social housing in England* (Centre for Analysis of Social Exclusion, 2007)

⁴ *Building Hope – the case for more homes now* (Shelter, 2005)

⁵ *Housing Green Paper – Homes for the Future*, Local Government Information Unit Briefing Paper, 27th July 2007

Committee, *“It is important that in the 2007 Comprehensive Spending Review, there is a major increase in funding for social rented housing⁶.”*

2. Affordable and social housing

- 2.1. First class, decent public housing is a critical part of any sustainable solution to meeting housing need.
- 2.2. The Hills report highlighted that social housing is an important part of the lives of four million households, providing stability, security, and better quality housing than they could afford in the private sector⁷. The report also acknowledged that social landlords often play an important role in renewing and regenerating deprived areas.
- 2.3. The latest annual Halifax Key Workers Housing Review reports a continued deterioration in housing affordability for key workers. It finds that the average house price was unaffordable for all five key worker occupations in 70% of towns across Great Britain in March 2007, up from 65% of towns last year⁸. In March 2002, the average house price in only 36% of towns was unaffordable for all key workers. The average price in 99% of towns was unaffordable for the typical nurse in March 2007.
- 2.4. Key worker schemes are frequently priced out of the reach of the very workers they are intended for. Combined rent and mortgage payments can be greater than the cost of a mortgage on the whole property on the market.

⁶ House of Commons, ODP: Housing, Planning, Local Government and the Regions Committee: *Affordability and the Supply of Housing, Third Report of Session 2005–06, Volume I Report, together with formal minutes, HC 703-I*, published on 20 June 2006 <http://www.publications.parliament.uk/pa/cm200506/cmselect/cmmodpm/703/703-i.pdf>

⁷ John Hills – *Ends and Means : the future roles of social housing in England* (Centre for Analysis of Social Exclusion, 2007)

⁸ *70% of towns unaffordable for key public sector workers*, Halifax Press Release, 13th April 2007

- 2.5. There are serious concerns in respect of the Homebuy project. It has been reported that housing associations have handed back tens of millions of pounds to the Government's housing agency and that the high cost of qualifying for the scheme has pushed it beyond the price range of many public sector workers⁹. In some regions applicants must earn at least £45,000 a year to qualify.
- 2.6. Unite recognises the needs of certain public sector employees for affordable housing but questions the Government's definition of 'key workers'. Affordable housing should be available for all who need it rather than special cases.
- 2.7. Alternative shared ownership and equity share schemes, especially for key workers, first time buyers and younger workers must be balanced against their impact on the availability of social housing.

3. The Housing Revenue Account (HRA)

- 3.1. Unite is disappointed that the Green Paper does not fully acknowledge the consequences of transferring housing away from local councils or of not offsetting the result of the 'right to buy' social rented housing. It makes no sense to identify the need for more social housing, yet still allow council houses to be sold off, particularly when receipts from these sales cannot be used to build new homes or maintain current housing stock.
- 3.2. Unite welcomes the proposals to let councils build their own homes within the HRA but is concerned by the implications of the Green Paper's assertion that this will be allowed "only where it offers better value for money than other options". There is no indication of what the "better value" test will be. The criteria used to define "better value" needs to be clarified and made open to consultation. This is a view

⁹ *Ownership scheme a disaster*, Inside Housing, 14th September 2007

shared by others including the Association for Public Service Excellence¹⁰.

- 3.3. Council homes should include secure tenancies and affordable council rents.
- 3.4. There also seems to be a bias against council self-building where the Green Paper states “in most cases, we would expect models which offer access to private finance to provide better value for money, delivering more affordable homes for the public investment”. This seems to be an inbuilt bias against councils’ freedom to build housing. There is no compelling evidence that PFI or other private involvement in social or affordable housing is inherently better.
- 3.5. It is proposed to let councils opt out of the HRA and have the full benefit of their rental and sales receipts but it is not clear how much this opt out will cost. Many councils have been net contributors to the HRA for many years and should not be further penalised should they decide to leave. One of our local authority representatives reports that his local authority is a net contributor to the HRA. The council carried out a housing options appraisal and found that while there was a shortfall required to meet the decent homes standard, it could be met through efficiency savings elsewhere. Once the plans had been signed off, the Government changed their subsidy, taking a significant amount away and thus leaving them unable to carry out their plans.
- 3.6. At the same time Unite does not want to see the cessation of support provided by the HRA for those councils that are net recipients. This support should come from central government funds.
- 3.7. With one third of the council housing stock lost under the Right to Buy scheme, replacement has to be a minimum condition on any local

¹⁰ *Homes for the future : more affordable, more sustainable*, APSE Briefing 07/51, August 2007

authority or housing association selling its stock, with the profit from the sale ring-fenced for house building only.

4. The “fourth option”

- 4.1. Allowing local authorities to build, improve and maintain council housing stock (the so-called ‘fourth option’) is a critical element in solving the housing crisis.
- 4.2. Council tenants should have the same access to improvements that tenants of Arms Length Management Organisations (ALMOs), housing associations and other Registered Social Landlords have. They should not be penalised for exercising their democratic right to keep their homes under council control.
- 4.3. Both national and local government have identified issues with existing stock, whether in need of repair, rebuild or additional infrastructure planning. Simply transferring stock from one provider to another is not a problem solved, but a problem moved.

5. The planning system

- 5.1. Unite welcomes proposals to speed up the planning system. Using public sector brown-field sites to meet housing need makes sense, but not if they are sold off at a fraction of their real value to private developers. Such land can be valuably used to support social housing.
- 5.2. Problems concerning lack of housing and unused land are not always due to planning bottlenecks. In many cases it is the result of “landbanking” by private developers speculating on property and land prices or storing up property which they do not have the capacity to use in the short or medium term. Unite would like to see changes to the planning system that introduce deadlines by which developers have to complete their building on land in order to fit in with local and national housing targets. Fines and/or the forfeiture of land should apply where there is non-compliance without reasonable cause.

- 5.3. The Empty Homes Agency should be given more statutory powers to work with local councils to ensure appropriate use of vacant homes and other properties.

6. Sustainable building

- 6.1. Recommendations to build environmentally friendly housing that also brings economical benefits to tenants are welcome, but sustainability initiatives are also needed for existing stock. Private developers should be subject to the same high standards of sustainable building as public landlords.
- 6.2. Ensuring that housing is well-built and designed to last is important. Stock must at a minimum meet the decent housing standard. Poor quality buildings result in damage and need for repairs at a premature stage. Again, the same standards must be applied to social housing as to private housing

7. Better neighbourhoods

- 7.1. The Green Paper's proposals to provide the housing people want in the neighbourhoods they want are welcome. Councils and housing associations know their communities well and their staff often live in those communities. Council and housing association rented property must be considered as a major part of this community planning objective. Providing more social housing should involve a greater social mix of tenants rather than just dealing with extreme social need which appears to be the current driver of allocation policy of council and housing association housing providers.
- 7.2. Unite is concerned about the way that housing communities are being developed. Seventy per cent of social tenants have incomes with the poorest two-fifths of the overall income distribution, and the proportion of social tenant householders in paid employment fell from 47 to 32

per cent between 1981 and 2006¹¹. In areas where private contractors have won contracts the commitment they are asked to make for the provision of social housing and related services is too small. This can lead to problems around community cohesion and negative perceptions of social housing.

7.3. A greater mix of housing is required to build stronger communities and prevent polarisation. Providing for those on council housing waiting lists could also help correct imbalances created by allocations policies based on short term need. Shelter's *Roof* magazine has found that many on council housing waiting lists are not those in 'priority need' but want a council home as an alternative to the high costs and insecurity of the private housing market.

7.4. Modern housing must also ensure appropriate social space where people can meet and interact safely. This is recognised in the Government's objectives around the need to build strong local communities outlined in the White Paper on Local Government¹².

8. Safety

8.1. The health and safety of communities is an important and challenging area of work for Unite members. Due to the union's campaigning work a number of housing associations are now able to ascertain information on their tenants from police authorities and thus enhance the safety of themselves and other tenants.

8.2. However, many housing associations are still experiencing difficulties in obtaining the appropriate information about prospective and existing tenants.

¹¹ John Hills – *Ends and Means : the future roles of social housing in England* (Centre for Analysis of Social Exclusion, 2007)

¹² Strong and Prosperous Communities - The Local Government White Paper, October 2006

8.3. Some housing associations are concerned that, where there is a mixture of local authority owned stock and housing association stock, the 'most difficult' tenants are being transferred to the housing associations by the local authorities without the appropriate information to facilitate a successful transfer.

9. Wider infrastructure and local employment

9.1. A good housing strategy needs a good infrastructure policy. This needs to include access to good schools, health services, community services, transport and utilities.

9.2. The Hills report notes that whilst 1 in 8 housing moves is job related across the economy, only a few thousand out of 4 million moves for social tenants are job related¹³.

9.3. For communities to thrive it is essential that residents are able to access labour markets. Ensuring sufficient employment to utilise the skills and talents of local residents is an essential part of the planning, building and developing of local communities. Businesses and other forms of economic activity should be able to locate in appropriate proximity to housing development.

9.4. Building and refurbishing housing stock requires skilled labour. An expansion in the demand for such labour provides opportunities to promote and provide apprenticeships.

10. Skills and construction

10.1. Chapter 11 of the Green Paper focuses on skills and construction and this is another area of particular significance for Unite.

10.2. As the UK economy continues to expand its future long term growth will be based on the ongoing infrastructure developments being delivered

¹³ John Hills – *Ends and Means : the future roles of social housing in England* (Centre for Analysis of Social Exclusion, 2007)

by its construction and contracting industry. Recent research, from the Construction Skills Network, predicts that construction sector output is expected to grow by 10.8% in the four years to 2011¹⁴. The same research predicts an annual average requirement of some 87,590 additional skilled workers will be required to meet this demand in the same period, with 26,440 of these needed for London and the south east alone.

10.3. The tenuous nature of employment in the construction industry does little to recruit or retain operatives into the industry. Seasoned workers appreciate the cyclical and transient nature of the demand for their skills, but the increasing lack of opportunities for direct employment is a real threat to the long term growth and stability of the industry.

10.4. The growing influence of the employment agency in the industry is of great concern. As an example, 77% of the mechanical & electrical operatives working on the Emirates Stadium were agency staff. These organisations are devoid of a long term commitment to the industry, and they only serve to drain away funds that would be better invested in initiatives to tackle the growing skills shortage. Furthermore, there are real and growing concerns being reported by Unite members on a regular basis that less reputable agencies are supplying unqualified workers for skilled occupations, jeopardising site safety simply to increase their profit.

10.5. At the same time the increasing complexity of the supply chain is allowing some of the larger contractors to move away from directly employed workforces and abandon their commitment to training. Twenty years ago the electrical contracting industry alone recruited 5000 apprentices a year. Today this figure is closer to 2800. Agency workers suffer in the long term from the tenuous employment situation, which agencies exploit at every opportunity to deny workers the same

¹⁴ Construction Skills press release *UK construction industry needs 348,000 new recruits by 2010*, 5 June 2006, www.citb.co.uk/news/whatsinthenews/20060605-csn.asp

rights in the workplace as permanent employees. This situation does nothing to either increase the capacity for training or skills enhancement in the industry or indeed entice new entrants into the industry.

10.6. In contrast, adherence to national collective agreements promotes the framework for training whilst providing structured and stable careers, in which workers can be confident of continuity in both their pay and terms and conditions despite moving employer on a regular basis.

10.7. The Association of Public Service Excellence have argued that local authorities who have retained their own workforce to maintain the housing stock or public buildings and have managed to retain apprenticeships are providing a steady supply of well trained experienced workers. It is worth quoting them in detail : *“This is a role which local authorities can continue and expand both under their own steam or in partnership with other organisations. Those private companies who are maintaining council homes or other public sector stock are limited by the length of the contract. For example, they will not invest in training workers who will only reach their potential when the end of the contract is looming. This level of uncertainty is not something which local authorities are subject to – they have a long term interest. They are able to produce skilled workers, maintain their housing stock to a high level, add to the national supply of skilled construction workers and help to maintain a sustainable local economy. They should be encouraged to continue these apprenticeships, with financial support if necessary¹⁵.”*

11. Support services and ‘Supporting People’

11.1. One of the biggest concerns for Unite members in the not-for profit sector is the supply of resources for delivering the support services that transform communities and the individuals who live in them. When

¹⁵ *Homes for the future : more affordable, more sustainable*, APSE Briefing 07/51, August 2007

Supporting People was first established, the combining of multi-streams of funding was welcomed. However, it has been estimated that administration costs demand half of this funding money, due to the demands that are put on housing associations. This clearly doesn't deliver the best value to tenants.

11.2. Associated with Supporting People is the need to clearly divide support services from other services. This is not a natural division in the sector and employees waste valuable resources in calculating the time dedicated to the supported service from other services. In addition, the lack of uniformity across local authorities has led to increased administration in the procuring process, as well as time spent administrating the resource and auditing. Finally, the criteria used by local authorities vary, resulting in a "postcode lottery" for this funding stream.

11.3. Perhaps the issue of greatest concern is funding itself. Since Supporting People was introduced the budget has been cut, resulting in hundreds of job losses in the sector with some organisations pulling away from supplying supported housing altogether. Short term funding has also given rise to mass job insecurity. This issue needs addressing urgently as vital skills are being lost.

11.4. Supporting People is not the only funding stream available to provide wider support, and there needs to be greater clarity on what is available and a simplification of the application process, preferably through a one-stop shop.

11.5. Unite members see the potential in appropriate provision for engaging tenants in many initiatives such as training, elder care, probationary work, rehabilitation and assisting people back to work. However, without the right level of funding, individuals are being put at risk and their potential is not being realised.

11.6. Funding needs to be strategic and long term in order for schemes to be properly planned and sustainable. When a housing association is unable to deliver the standards of support that it would want to due to under-resourcing, it can lead to people returning to residential care or slipping back into cycles of addiction, unemployment or crime. Although funding cannot be entirely demand led, there is a need to re-appraise the total amount of resource available in proportion to need.

12. Participation and accountability

12.1. Whilst social housing structures enable tenant participation, the ability for tenants to fully engage is variable. Many housing associations have improved their dialogue with tenants, however figures from the National Consumer Council report that only a minority of tenants (35%) feel they can hold their housing association to account¹⁶.

12.2. Unite is also concerned about tenant participation of housing associations at a senior governance level. Tenant board members voices appear to be disproportionately small. All tenant board members should have access to training as well as appropriate influence in meetings.

12.3. Employee representatives should also have reserved places on housing association boards. Employee representatives have a good understanding of staff needs as well as valuable insights in respect of tenants and housing associations themselves. Even where there are good practices of industrial relations, staff often find that the arena in which their negotiations take place is controlled by the board, thus restricting effective partnership.

13. Management of housing associations

13.1. Large national housing associations often do not have the same local links to their communities as many local authorities. Likewise, some

¹⁶ TPAS Annual Conference – *The Future of Housing*, speech by Ed Mayo, available at www.ncc.org.uk/nccpdf/speeches/NCC070_The_future_of_housing.pdf

specialist housing associations and other not for profit organisations are particularly adept at delivering services to certain groups, such as the elderly or family communities.

13.2. There is a concern about the ability of Arms Length Management Organisations (ALMOs) to bring cases to court against their tenants, with the right of audience, since they are in effect a third party organisation compared to the local authority. This decrease in power is viewed as detrimental to housing managers since it has been ruled on a case by case basis as to whether the ALMO prosecuting the case can take it. This removes powers from organisations being able to properly manage their stock and will greatly increase an organisation's legal fees as well as impacting on the workload of already stretched housing managers.

13.3. There are a number of concerns about the direction of travel for housing associations. Housing associations were initially embraced because they were small, specific in purpose and in touch with their tenants. As mergers have occurred, organisations have become further removed from their tenants and have lost some of the specialisms they were once hailed for. One Unite representative has described their organisation as having more stock than an average sized local authority, except this was spread nationally. More attention needs to be paid to the social costs of housing association mergers and the value of a diversity of small local housing associations should be actively recognised and encouraged.

14. Contestability

14.1. Many housing association services are delivered on a contractual basis. Unite has examples of where contestability is causing services to be lost to the private sector on the basis of lower costs. Expertise is being lost with these moves and "best value" is not being achieved.

- 14.2. In the direct labour services area, services are being contracted out to private firms with an accompanying loss of apprenticeships, a reduction of skills and increases in labour shortages.
- 14.3. Unite is aware of cases where private firms have won Supporting People contracts by coming in at a lower cost, but they do not have the professional skills to deliver the supported services. These are then often sub-contracted, further removing responsiveness to needs.
- 14.4. Unite is extremely concerned at proposals floated in the Cave Review considering allowing profit making bodies to register as providers of social housing and removing the requirement for regulated social housing providers to be non-profit distributing organisations¹⁷. The union is also extremely concerned about the potential flotation of housing associations. Social housing should be motivated by the needs of tenants not maximising profits for shareholders.
- 14.5. Marketisation has led to cuts in standards, terms and conditions of employees, reduced accountability, and damage to the 'public service' ethos.

15. Terms and conditions of employment

- 15.1. It is Unite's experience that private companies with large reserves have been able to win contracts by undercutting the terms and conditions of third sector organisations such as housing associations.
- 15.2. A recent example in Cornwall saw Stonham Housing and nine other voluntary sector organisations outbid by private company Clear Springs. The only way these organisations could compete on cost was to cut standards and terms and conditions. Clear Springs went on to subcontract out the work to the voluntary sector.

¹⁷ Amicus response to the Cave Review of Social Housing Regulation, February 2007 available at : <http://www.epolitix.com/NR/rdonlyres/E1B0ECA8-AA1D-44D5-AD4D-DB1F75E5F69D/0/CaveReviewSubmission2007.pdf>

15.3. One housing association in the North West employed workers interfacing with tenants in a customer services role and expected them to only work for their organisation for an average of three years. This short-termism, with associated stress and burn out is not an isolated example.

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