

Unite written submission to House of Commons Council Housing Group inquiry

This evidence is submitted by Unite the Union. 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, not for profit sector, local government, education and health services.

Executive summary

- Unite welcomes recent government announcements indicating the importance of decent social housing and the central role of councils in its provision;
- The scale of the housing challenge, and wider economic concerns, demands rapid and substantial action is now taken;
- Council homes must be of a high standard, ecologically efficient and environmentally sustainable;
- Investment in a substantial programme of new-build high quality council homes will not only help meet the needs of those on the social housing waiting list but would be an important lever for local and national economic recovery;
- It would also help ensure that important skill and labour capacity in the construction sector is not lost;
- Unite believes that the finance provided from government nationally to local government must be made more transparent, that tenants money must be ring-fenced for re-investment in council housing and that when it comes to accessing finance for house building local government must have a level playing field with Registered Social Landlords and those in the private sector;
- A programme of new-build council housing will also require development support including the effective sharing of knowledge and experience between local authorities;
- Unite believes that where of an appropriate standard, local government should be able to acquire and complete uncompleted developments started by private developers and housing associations;
- Local government has a central role to play in not just building new homes but in preventing the repossession of people's current homes;
- Unite believes that council tenancies must remain secure tenancies and welcomes government assurances in this regard.

1. Introduction

1.1. Unite is the only trade union to represent members involved in every section of the wider housing agenda. Unite represents members in:

- local government whose role involves the repair and maintenance of council housing;
- not-for-profit sector where members work for Registered Social Landlords, and in particular supported housing where Unite members work with some of the most vulnerable people in society;
- the construction industry which has been badly hit by the economic downturn in the housing market and the building of new homes; and the finance sector.

1.2. In addition, Unite - alongside all those in the trade union movement - have an interest on behalf of all its members in ensuring that people can access high quality affordable and social housing as needed. Unite believes that the provision of good council housing and a mass new build programme is central to achieving this and a key tool in economic recovery. Unite, while believing that council housing is vital, is also keen that the wider housing agenda is not lost sight of.

2. The economic crisis has forced council housing up the political agenda

2.1. The question of council housing has been successfully kept on the political agenda in recent years by the efforts of a concerted campaign by trade unions and organisations such as Defend Council Housing. The focus of this campaign in recent years has been to address the Governments' refusal to introduce a level-playing field for the public provision of council housing and instead push for the transfer of council housing to the private sector.

2.2. Unite believes that there has been an important turning of the tide in the Governments attitude towards the clear need for decent standard social housing, and a recognition of the importance of publicly provided social housing and the central role of councils in this provision.

2.3. Politically and economically a constellation of factors has come together to bring this about.

2.4. Through the campaign for the 'fourth option' in council housing there has been a large and growing coalition of tenants, local communities, MPs and trade unions who have consistently argued for the provision of decent social housing.

2.5. The Government's current targets on social housing- an increase of 70,000 more affordable homes per year by 2010-2011 which would include 45,000 more social homes were welcomed as a step in the right direction when announced in 2007. The targets represented an increase from recent years - in 1997/98 there were just 1,010 new house builds by Local Authorities in the UK and just 370 completed in 2007¹.

2.6. Though welcome it was clear at the time that the numbers involved were not large enough to meet the scale of the housing challenge given the high number of households on the waiting list for social housing. The Local Government Association estimated in May 2008 that there were currently 1.6 million people on the waiting lists for social housing and that the unexpected severity of the credit crunch, coupled with the 'very real threat of a housing crash' could conspire to drive 2 million households - 5 million people - onto the councils' housing waiting lists by 2010.

¹ Dept. for Communities and Local Government, Housing Statistics: Live Tables, found at <http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housebuilding/livetable/>

2.7. Not only has the economic crisis meant that the need for social housing provision has grown more acute, but that Government has begun to consider strategic interventions into the economy in order to make the recession as shallow as possible. The form the current economic crisis and recession has taken has also served to expose the argument that the private sector and the free market hold the answers as fundamentally flawed, throwing the focus onto local government providing social housing.

2.8. Unite believes that if a new programme of building council homes on a large scale is to be embarked upon, it must be done properly. Homes must be of a high standard, ecologically efficient and environmentally sustainable.

3. The impact on the construction industry

3.1. The economic recession has hit the house building sector of the construction industry hard as finance has dried up – in November 2008 redundancies in the sector hit a 10 year high².

3.2. There is a danger that those in the house building sector of the construction industry may leave the industry altogether. This would be a damaging loss of skills. In 2007, before the economic downturn began to bite and take hold, there was a skills shortage in the industry as a whole of 88,000 estimated by the Construction Skills Network. If significant numbers of those in the house building sector of the construction industry leave the industry altogether it will be difficult and take many years to re-build the labour capacity in the industry when the economy begins to recover.

4. New build as a lever of economic recovery

4.1. Investment in a massive programme of new build, first class council homes will meet the policy objective of housing those on the social housing waiting list and is an important lever of local and national economic recovery.

4.2. The creation of thousands of jobs across the country in the house building sector of the construction industry means important skill and labour capacity would not be lost. Unite fully support local government house building programmes providing apprenticeships, particularly for those who have recently left education. A recent OECD report found that 14% of 16-24 year olds were 'Not in Education, Employment or Training'. The job prospects for this group of the population have significantly worsened with the recession, and it is important that a route into work is provided as soon as possible³.

4.3. Unite also believes important benefits would be felt through the housing-building supply chain, for example, providing business and support to manufacturers of house and construction materials. The creation of jobs for thousands of people through providing high quality homes would not only pump finance into localities but would also help to lessen the human cost of the economic recession.

5. Capacity within local government

5.1. Unite recognises that there are two important hurdles that need to be overcome within local government to embark on a massive programme of high quality, new build council homes. These have been identified and outlined below as being what may be termed an administrative capacity and the financial capacity of local government.

² <http://www.contractjournal.com/Articles/2008/11/17/62070/construction-job-losses-and-redundancies-latest-news.html>

³ 'Crisis creates threat of new lost generation', The Observer, Sunday 11th January 2009

Financial

5.2. Unite believes that the siphoning of finance from council housing needs to end. In 2008/09 each tenant will pay an average of £3,120 per home but receive just £2,391 back per home in services⁴. The Management and Maintenance Allowance and the Major Repair Allowance have also both historically under-estimated the cost of maintaining and repair of council homes leaving many councils finding the finance of achieving the Decent Homes Standard very difficult.

5.3. The financial mechanisms in place have been to push councils to transfer stock to the private sector and for new build to be outside of the public sector. Trade unions and tenants have consistently argued that this system is unfair, effectively denying tenants a genuine choice about whether they wish the local council to remain their landlord and constricting local councils over their options about the best course to pursue in their locality.

5.4. Unite believes that the finance provided from government nationally to local government must be made more transparent, that tenants money must be ring-fenced for re-investment in council housing and that when it comes to accessing finance for house building local government must have a level playing field with Registered Social Landlords and those in the private sector. In this vein Unite warmly welcomed the recent speech from the Prime Minister stating that;

*“In the past we have placed restrictions on local authorities delivering social housing. But let me today be clear, if local authorities can convince us that they can deliver quickly and cost effectively more of the housing that Britain needs, and if local authorities can build social housing in sustainable communities that meets the aspirations of the British people for the 21st century, then we will be prepared to give you our full backing and put aside any of the barriers that stand in the way of this happening”.*⁵

Administrative

5.5. As the amount of new build council housing has fallen so low, and has been at low levels for a number of years now, it can be reasonably assumed that there is a lack of experience and knowledge in many councils about how to begin and oversee such a programme. Unite does not believe this problem is insurmountable, but it does need to be recognised. It will have important implications for the initial start of a programme of council house builds. It may well mean that any programme begins relatively gradually. However, this initial upward curve in new build numbers can be made steeper with appropriate support from national government and ensuring the effective sharing and dissemination of knowledge from councils who are ‘ahead of the pack’ on building council homes down to those who may be finding it more difficult.

5.6. Unite also believes that government needs to be clear that its focus on the need for new build council homes, and the building up of capacity within local government that it will require, should not be undermined by the parallel emphasis on achieving the efficiency savings identified by the *Gershon review*.

5.7. There has also been a drive for local government to buy homes which have been completed by private developers and cannot now be sold because of the economic downturn. Unite believes that where the completed work is of a high standard and are appropriate dwellings then local government should be able to buy these homes. While it is difficult to judge the scale of the problem, Unite is also aware of some instances where Housing Associations have had to stop construction before completing the builds because of financial constraints. Unite believes that where the completed properties would be

⁴ Defend Council Housing calculations, using DCLG/HRA Review team figures.

⁵ Speech to New Local Government Network annual conference, 29th January 2009

appropriate dwellings of a high standard finance should be made available for local government to buy and complete these properties.

6. Preventing repossessions

6.1. Unite believes that a large scale council house building programme is central to solving the current housing crisis. However, this should not lead us to losing sight of the wider housing agenda. For example, local government has a central role to play in not just building new homes but in preventing the repossession of people's current homes. Latest figures from the Council of Mortgage Lenders show that there were 40,000 repossessions in 2008 and 182,600 mortgages were in arrears at the end of the year⁶. A poll carried out for Shelter published on 19th February showed more than 22% of respondents, around 160,000 households, were struggling or falling behind with their monthly mortgage payments. Around 37,000 are expecting to be repossessed in the next six months.

7. Secure Tenancies

7.1. Unite welcomes the Government's assurances that council tenancies will remain secure tenancies. Unite, along with many others, were dismayed by the suggestion last summer that tenancies would be made conditional on a number of factors.

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⁶ Council of Mortgage Lenders release, 20th February 2009