



BLOCK HP.103
**DETERMINING
HOUSING POLICY**

Preface

In this block, you will look at the way housing policy is shaped, at national and local level, and the implications for the organisations involved in the provision of social housing.

We will begin by identifying the levels of decision-making, and the context within which decisions are made and power exercised. We will look briefly at decision-making at government level, at local level, and by provider organisations and their management, and at the impact of professional points of view, of the voice of tenants, and of the involvement of other community groups and institutions. The themes introduced here will be developed in closer detail in the following sections.

You will study the departmental structures and Parliamentary practices, and some of the extra-parliamentary influences which shape policy.

You will look at the powers and duties of local housing authorities, as shaped by Acts of Parliament, and by the context of local and national politics. You will see that the role of local authorities in housing is in the process of change, and you will look at the nature of that change, and at some of the influences bringing it about.

You will study registered social landlords and their increasing importance in the social housing field. You will see that their functions and performance are overseen by the Housing Corporation in England

You will also consider the effects of devolution of power and the development of the Scottish Parliament and the Welsh Assembly on housing in those countries and the effects on Tai Cymru and Scottish Homes

Learning Outcomes

On completing this Block, you should be able to:

- briefly describe the part played in housing policy by all participants;
- identify the departments of government with an interest in housing;
- describe the ways Parliament can influence the formation of housing policy;
- outline the main roles of local housing authorities;
- name the Acts of Parliament which define those functions;
- interpret tables and figures which illustrate the change in the local authority position as a provider of social housing;
- describe the effects of change in:
 - * Housing Revenue Accounts (HRA),
 - * transfer of housing stock;
- outline the case for, or doubts about, the comprehensive organisation of housing services;
- describe the relationship of housing associations with their supervisory bodies;
- outline the effects for housing associations of the Housing Act 1988 and the Housing (Scotland) Act 1988; and the Housing Act 1996
- discuss ways Registered Social Landlords (housing associations) and local authorities can integrate their activities on district housing strategies.
- outline the potential effects of devolution and regionalisation on housing policy and provision in different parts of the UK

Contents

A. INTRODUCTION	5
1. How Policy is Shaped	5
2. Constraints on Decisions	5
3. Other Voices	7
4. Strategic Role: Other Influences	9
SUMMARY	13
B. CENTRAL GOVERNMENT & HOUSING POLICY	15
1. Central Government	15
2. Parliament and Housing Policy	21
3. Extra-Parliamentary Interests in Housing	26
4. Housing and Devolution	31
5. Central Government and RSL Policy	34
SUMMARY	45
C. INSIDE THE TOWN HALL	47
1. Three Roles for Local Authorities	47
2. How District Councils Differ	48
3. Functions of a Housing Authority	52
4. Regionalisation	60
5. Local Authorities and Housing Associations	62
SUMMARY	64
ANSWERS	65

A. Introduction

1. How Policy is Shaped

Who decides what kind of housing we have? The extent to which you or anyone else on the ground can help families to find suitable accommodation depends on the way a series of issues has already been determined. Decisions are taken at four key levels.

- (a) Within central government, which lays down the rules for investment in housing, and which may or may not be actively encouraging the construction and repair of low-cost rental housing.
- (b) At local authority level. In its role as strategic housing authority, a council may or may not be using the rules to create the greatest possible housing choice in its area.
- (c) Among the various housing providers in the area, including the local authority, who may or may not be actively collaborating to extend choice.
- (d) At management level within housing organisations, where the approach may or may not be positive and client-centred.

2. Constraints on Decisions

There are further constraints on what may be possible, at local and government level.

2.1 Decision-making at local level

In a housing organisation, even the most senior officers do not make policy.

- (a) In a local authority, policy-making is the responsibility of the Housing Committee, made up of elected local councillors.
- (b) In a housing association, the Management Committee will make policy decisions.

While officers will advise the committees on the best policies, the committees can disregard the advice. While head-on conflict may be unusual, there can be tensions, arising from competing perspectives.

Let us suppose that funding is available, which can be used either to renovate an unpopular 1960s block of flats, or to start work on a new scheme of family houses. Officers may argue that more family housing is a priority. However, the chair of the committee

may have received a petition from angry tenants of the flats, and had a rough interview on local radio. The chair may be the ward councillor for these tenants. S/he will want to act quickly on their problems.

In addition, committees must try to achieve the best policies for the organisation within the limits set by government - as they will point out when taking unpopular decisions.

2.2 Decision-making at central government level

As you will learn, the main government department responsible for housing is the Office of the Deputy Prime Minister (ODPM) (formerly the Department of the Environment, Transport and the Regions (DETR), headed by the Deputy Prime Minister. But other voices within and outside Westminster can influence the course of government policy. It may also be knocked off course by the unexpected: external constraints such as inflation, which means that funds will achieve less than planned; or by the sudden need for cash elsewhere, to deal with a crisis of homelessness, for example.

2.3 Competing perspectives

The process of decision-making will also be influenced by the different perspectives and desires of participants.

- A lettings officer might want to see more family homes developed.
- The chair of the committee wants to renovate the block of flats.
- The government minister will want to stay within his budgeted programme.

Clearly, some of the participants in housing will be better placed than others to get what they want from the process. In the following sections, you will examine who has power in the decision-making process, starting at the top, with the government in office.

3. Other Voices

Activity 1

So far, we have considered the role in decision-making of the minister, the elected councillor, and the management committee. These people may not necessarily have relevant experience or expertise, but they each have, as we have seen, a certain share in the power for housing policy. You may be able to think of other groups or individuals who could make a useful contribution, from their expertise and practical or first-hand experience of housing. You may like to note some suggestions here.

Time allocation 5 minutes

What were your ideas? It seems likely that two groups in particular can have an important part to play in this way. They are the professional officers of housing organisations, and the customer of housing services.

3.1 A professional perspective

Officers in housing organisations can contribute greatly to the development of new ideas. They do so all the time within their own organisations. They are also able, through their main professional association, the Chartered Institute of Housing, to comment constructively on proposed new government policies.

They have also been the source of some practical innovations. For example, officers of housing organisations originated the idea of helping tenants to buy homes other than those they occupy, through a house purchase grant. The ministers liked the way this extended choice. Locally, it has the welcome effect of releasing a rented home for someone else.

3.2 A voice for the customer

(a) Community

The Government's Best Value system for local authorities, which replaced Compulsory Competitive Tendering, stresses the importance of involving the community in decision-making and provision of services. This includes tenants through the establishment of tenant compacts. The DETR *Best Value in Housing Framework Consultation Paper* (January 1999) identified the following as key requirements for local authorities when implementing Best Value: Consult with service users and local tax payers in setting targets for service cost and quality; report back on performance against criteria in the local performance plan.

(b) Tenants

Tenants of council housing departments and housing associations are increasingly involved in such consultations. They are increasingly encouraged to take part in decisions about housing management. Several recent pieces of legislation, the **1988 Housing Act**, the **1989 Local Government and Housing Act**, the **1996 Local Government and Housing Act**, and the **1988 Housing (Scotland) Act**, have given them new rights:

- Tenants must be informed and consulted about local changes which affect them.
- They must be formally balloted if it is proposed that their homes should be transferred to another landlord.
- If they wish, they can themselves take on the management and even ownership of their estates.

One result is that tenants are now becoming an important source of new and practical suggestions for improving management.

In the City of Glasgow, for example, Public Policy Seminars are held to examine major new housing proposals. Tenants' leaders, managers, councillors and invited specialists take part in the discussions. A seminar on expanding tenant participation led to a range of experiments in tenant control.

The London Borough of Camden carries out a tenant satisfaction survey every year. The results are studied at a conference attended by tenants, which discusses ways of improving areas causing dissatisfaction. This has led to new attention to previously underestimated problems: how cold it can be to live on the upper floors of a tower block, for example. The authority has set itself targets for reducing dissatisfaction.

(c) Broader effects

Initiatives like these can have influence beyond local level. The Glasgow experiments in tenant control which arose from the Public Policy Seminars impressed the Scottish Office and the Chartered Institute of Housing. The Scottish Office developed new funding to help tenants form co-operatives and buy their estates, as some Glasgow tenants had done.

4. Strategic Role: Other Influences

While the council has the strategic role locally, when a Housing Plan is being put together, the council will need the willing co-operation of many others with a part in providing or improving housing. These bodies may have conflicting ideas and interests. We can explore this through a fictional case study.

4.1 The problems

A Housing Condition Survey has told the district council that, in addition to shortage of rented accommodation for the many homeless families the council has a duty to rehouse, an old neighbourhood near the centre of the town is rapidly deteriorating. This is an area of mainly private housing with many elderly owners, and of some privately rented bedsit houses. The local paper says it is a scandal the council has neglected this area.

The shabby condition of this area is also holding up a pet scheme of the Leader of the Council. S/He would like D.A. Builders, a large local firm, to take over the adjacent redundant gasworks site for new private housing, with a local housing association slotting in twenty-five much needed new rented homes. D.A. Builders are not keen. Who would want to buy in such a shabby area? The council would now like to include an area regeneration scheme in its Housing Plan.

4.2 Incentives

As the district council, the authority can offer several incentives for involvement to other people.

- (a) It can offer the municipal gasworks site to the developer at less than the market price.
- (b) It can undertake to pay Home Renovation Grants under the terms of the **1989 Housing and Local Government Act**, to all the poorer owners and landlords.
- (c) It can promise to improve the appearance of the housing department's single block of flats in the area.
- (d) It can improve the appearance, and increase confidence in the area by tree-planting, and introducing some traffic-calming devices.

But the council will need contributions from others.

4.3 Contributions from others

Notably the council will need:

- (a) Guaranteed loan finance at attractive rates for owners who do not qualify for a grant on income grounds.
- (b) A promise from housing associations that they will improve their property in the area.
- (c) A strong indication from local owners that enough of them will respond to make an impact on the area, so encouraging D.A. Builders to take on the site.
- (d) Approval from the local Planning Department for any new housing the developers and housing associations may want to build.

To achieve all this, certain people need to attend the first exploratory meeting.

Activity 2

In the light of all this, who do you think the council should invite to the first meeting to discuss the new development and regeneration scheme. Make your list in this space.

Time allocation 5 minutes

Your list will probably have included some or all of these:

- representatives from locally-based banks and building societies, to discuss loans for owners;
- senior representatives from the housing associations who are active in the area;
- representatives of residents' and tenants' associations;
- representatives of private landlords;
- a development manager from D.A. Builders;
- a senior planning officer.

4.4 Their own agendas

These people will all come to the meeting with the interests of their own group, company or institution in mind. They will want to see how the scheme fits their own priorities.

- Local people will want to know how much it will cost them.
- Lenders will worry about risk.
- Housing associations may say the scheme will disrupt their planned maintenance cycle.
- The builders may want to put so many new homes for sale on the site that they will breach permitted planning density.

The council will need to meet some of these fears and get the people to co-operate. For example, it may need to promise to fund mortgage and loan guarantees for people the lenders are nervous about. The cost of this will have to come out of its housing investment funding for the year. Or it might have to reduce the price of the gasworks site before any builder will take it on.

In Section C you will learn more about the strategic role of the local authorities, and the importance of the Housing Condition Survey. You will also see that the changed role of the local authorities and housing associations makes the co-operative approach described in this exercise a requirement on the authorities, and not just an option.

Summary

1. Decisions on housing are taken at four main levels:
 - in central government, within the ODPM (formerly the DETR);
 - in local councils, as the strategic housing authorities in their areas;
 - in housing provider organisations, including councils and registered social landlords (RSLs)
 - by management within housing organisations.
2. We saw that all of those have some share of policy-making, but that because of its control over public spending, central government has most power.
3. There are constraints on decision-making arising from the structure of councils and housing associations, and the daily pressures and realities of government.
4. Competing perspectives of the participants in decision-making will affect possible outcomes, and will need to be reconciled.
5. A wide range of groups and individuals, from public, voluntary and private sector, and increasingly including the users of housing services, are likely to be involved in consultations on new housing proposals. Consultation exercises on a local level have given rise to fruitful exchange of ideas and changing practice.

B. Central Government and Housing Policy

Introduction

In the late 1990s there were some changes to the way in which central government relates to different regions of the UK which affected housing policy and provision around the regions. Devolution of power to Scotland and Wales meant that all responsibility for housing policy and provision in those countries was devolved to their respective Assemblies. We will consider these changes in para.4 of this section of the block, on devolution.

In addition the government set up 9 Government Offices for the Regions and 9 Regional Development Agencies. We will consider the role these new agencies play in housing policy and provision in section C4 of this block, on regionalisation.

1. Central Government

The goals set by government in its housing policy will reflect its political philosophy. Once in office, a government has the statutory powers, including control over funding, to direct the activities of the housing providers.

In practice, however, once in government, the party will find that they have to take other influences into account.

- (a) The government will receive advice from permanent civil servants.
- (b) It will receive representations from informed organisations, such as the House Builders' Federation, or Age Concern, or the local government associations.
- (c) Backbench MPs or Peers may refuse to support a clause in proposed legislation. The government may, at the least, have to amend or substitute a clause.
- (d) Perhaps most importantly, governments are influenced by the experience of being in power, of what does or does not work, of the effect on voters.

In this section you will study the structures of central government and parliament in their effect on housing policy. We shall then consider some external bodies that have an interest in trying to influence government housing policy.

1.1 The Office of the Deputy Prime Minister (formerly the Department of the Environment, Transport and the Regions)

The department of government most concerned with housing in England is the Office of the Deputy Prime Minister. This department has formed from a series of mergers of different departments and ministries over the years. In 1970, the Ministry of Housing and the Department of the Environment merged. In 1997, the Ministry of Transport was also merged the new department became the Department of the Environment, Transport and the Regions. The regional offices which the Department of the Environment maintained became the Government Offices for the Regions. The Office of the Deputy Prime Minister was created as a central department in its own right in May 2002. It is responsible for policy on housing, planning, devolution, regional and local government and the fire service. It also takes responsibility for the Social Exclusion Unit, the Neighbourhood Renewal Unit and the Government Offices for the regions.

In Wales and Scotland, policy has devolved to the Scottish Parliament and Welsh Assembly. In Northern Ireland, housing services are delivered by the Northern Ireland Housing Executive (NIHE).

(a) The Ministers

The ODPM is headed by the Deputy Prime Minister Mr John Prescott .MP. His team consists of the following:

(i) Ministers of State (August 2003)

Rt Hon. Lord Rooker – Minister of State for Regeneration and Regional Development

Rt Hon. Nick Raynesford MP.

Rt Hon. Keith Hill – Minister for Housing and Planning

(ii) Parliamentary Under Secretaries (August 2003)

Yvette Cooper MP

Phil Hope MP (unpaid)

(b) Directorates of the ODPM

There are many other directorates with the department. Some of these such as the Regeneration Directorate and the Construction Directorate have an impact on housing provision and will influence housing policy.

Activity 3

Consider the ways in which you think other directorates of the ODPM might have an influence on housing policy and provision.

Time allocation 5 minutes

The ODOM (formerly the DETR) and Housing

Housing is one of the major responsibilities of the ODPM. In Spring 2000 the DETR published a Green Paper *'Quality and Choice: a decent home for all'* setting out its proposals for improving quality and access to housing and inviting debate and comments. The paper sets out what the Government felt it had achieved during its first few years in power and what it hoped to achieve.

(a) Key proposals

There were a number of key proposals under the following headings:

- Promoting a stronger role for local authorities in housing to reflect the variations in circumstances around the country and to enable solutions to be tailored to local conditions.
- Proposals to support sustainable home ownership.
- Proposals to raise the standards of reputable private landlords, encourage new investment and tackle problems at the bottom end of the sector.
- New approaches to improve the quality of social housing and housing management. We aim for a step change in the quality of the stock and the performance of social landlords and are committed to ensuring that all social housing is of a decent standard within 10 years.
- Improvements to the delivery of affordable housing, so that it is provided where it is needed and in a form that is sustainable.
- Reforms to lettings policy to give tenants in social housing real choice over the homes they live in.
- Proposals to strengthen the protection available to homeless families.
- Proposals to review tenure agreements for social housing to retain security for long-term social tenants.
- Proposals to maintain rents in the social sector at affordable sub-market levels.
- Options for restructuring rents in the social housing sector to put rents on a fairer affordable basis.
- Proposals to develop Housing Benefit measures to improve customer service, tackle fraud and error, and improve incentives to work.

1.2 The Housing Directorate

At central government level the major policy decisions about housing and the majority of the proposals in the above Green Paper are made within The Housing Directorate. The Housing Directorate does not build houses or maintain stock. Its role is to develop housing policy and to ensure a sustainable housing market. Its main policy objective is 'to offer everyone the opportunity of a decent home and so promote social cohesion, well-being and self-dependence' To this end, the Directorate administers some £6 billion via a number of mechanisms.

The Directorate is responsible for ensuring adequate social housing and delivering the government's objective of sustainable home-ownership, investment and choice in the private rented sector. It provides subsidies to local authorities to help the provision of almost 3.5 million rented council homes. Funding for RSLs is directed through the Housing Corporation (see section B5).

The government's housing policy is informed by research and to that end the Housing Directorate carries out a £6 million programme of research and surveys. These include collection of housing statistics, large scale surveys of housing stock, the compilation of household projections and estimates of future housing need.

(a) Structure of the Housing Directorate

In Summer 2003 there are 11 specific policy and research divisions within the Directorate:

- Housing Associations and Private Finance (HAPF)
- Housing Care and Support (HCS)
- Housing Data and Statistics (HDS)
- Homelessness and Housing Management (HHM)
- Housing Policy, Renewal and Ownership (HPRO)
- Housing Private Rented Sector (HPRS)
- Housing Support Unit (HSU)
- Housing and Urban Economics (HUE)
- Local Authority Housing (LAH)
- Research Analysis and Evaluation (RAE)
- Rough Sleepers Unit (RSU)

For up to date information on the ODPM, visit www.odpm.gov.uk.

1.3 Housing and other government departments

Housing policy is made in the context of overall government policy. During recent years, the Government's thinking on public services and public spending has meant that spending on housing has been greatly reduced. Other government departments and their ministers also have an interest in what happens in housing.

- (a) The Chancellor of the Exchequer is concerned with all questions of public spending. Ministers in other spending departments will be concerned that more money spent on housing might mean that their departments have less.
- (b) Several policy areas will be affected. For example, if there were a spending initiative to reduce damp in properties, the Department for Trade and Industry would be interested in the creation of work in the building industry; the Secretary of State for Employment would be interested because it would reduce unemployment; and the Department for Health because it might in the long term reduce respiratory diseases and thus the demand for health care.
- (c) Other departments are involved in forming housing policy.
 - (i) The Chancellor of the Exchequer's department, which is concerned with public sector pay, local government expenditure and housing investment.
 - (ii) The Department for Work and Pensions, which pays housing benefits to those on low incomes to enable them to meet rent and mortgage interest payments.
 - (iii) The Department of Health is involved because the policy of Care in the Community for former patients of long stay hospitals has created a new, special housing need.

An ODPM minister does not take decisions alone. Many, especially those concerned with spending, will go to a full Cabinet. The advice of officers in several Departments may be sought before big spending decisions are made.

The current Labour Government has attempted to introduce 'joined up thinking'. This involves the various departments working together to achieve policy aims, rather than competing with each other. This reflects the acceptance that many policy issues affect more than one government department. For example housing and health are inextricably linked. The establishment of the Social Exclusion Unit is an attempt to link policy development and action to all relevant departments.

2. Parliament and Housing Policy

We shall now look at the two roles of Parliament which concern us. They are:

- as a forum for holding government to account;
- as a legislative body.

2.1 Parliament and accountability

At the heart of the ethos of public service is the concept of accountability. Lawton and Rose define accountability as

‘a process where a person or group of persons are required to present an account of their activities and the way in which they have or have not discharged their duties. They are required to present this account to a nominated person or agency. The way in which they present this account may be governed by a set of rules - written or unwritten - which may vary in sophistication...’

(Source: A. Lawton and A. Rose, *Organisation and Management in the Public Sector*, 1991.)

We are going to take a brief look at the way in which Parliament holds government accountable.

(a) Parliamentary questions

The Prime Minister and the Minister for Housing are required to answer oral and written questions put to them by MPs.

Let’s look at an example of an oral question.

‘Ms Hoey: Does the Prime Minister agree that even if every single empty property in local authority and private sector control were used for families, there would still be a huge shortage of affordable rented housing? Will the Prime Minister tell the House simply how many affordable rented homes he plans to build in the next Parliament?’

(Source: *Hansard*)

The answer demonstrates the limited usefulness of oral questions for extracting information:

‘The Prime Minister: It would be a great improvement if all those empty properties, largely in the ownership of Labour authorities, were made available for letting. It would also make a tremendous difference to the availability of property if the Labour Party would remove its long-standing prejudices against the private sector which discourage so many people from bringing private property into the market for letting.’

Written questions can be used to get more precise answers. This example from May 1992, is a question to the then Minister of State to the Northern Ireland Office, Mr Robert Atkins.

‘Mr A. Cecil Walker: To ask the Secretary of State for Northern Ireland when the Northern Ireland Housing Executive tenants may expect to have metal-framed windows replaced.

The Minister of State, Northern Ireland Office (Mr Robert Atkins):

This is a matter for the Northern Ireland Housing Executive but I have been advised by the chief executive that metal-framed windows are replaced when they can no longer be serviced or when they reach the end of their useful economic life. The executive expects that all remaining metal windows will be replaced over the next 15 years.’

Because of the nature of the NIHE, described in 1.4 above, MPs are able to question the Minister on questions of detail, such as the window frames, which in the rest of the country would be matters for local authorities.

(b) Departmental Select Committees

As you have seen, questions are not, on their own, a satisfactory way of holding the government to account. In 1979, a new system of select committees was introduced. Backbench MPs (that is, those who are not members of the government or opposition front bench) form committees to scrutinise the work of government departments.

The composition of the Environment Committee reflects the balance of power in the House of Commons. However, these committees are often keen to assert their independence of the government, and ask difficult questions. They have the power to call for evidence from ministers, civil servants and relevant outsiders. Scotland and Wales and Northern Ireland have select committees which review policy and administration, including housing, for those countries.

2.2 Parliament and legislation

In order for policy to become law, it must be presented to Parliament in the form of a Bill, which must then be passed by both the House of Commons and the House of Lords. In the Commons, a Bill goes through several stages, which we shall briefly outline.

(a) The first reading

The Bill is formally introduced in the House. No discussion takes place but a date is set for the second reading.

(b) The second reading

The broad principles which underpin the Bill are discussed. It is not usual for detailed content to be debated. In this stage, the opposition parties may spell out their attitude to the government's proposals, and what their own proposals would be.

(c) The committee stage

A committee of the House of Commons is formed to discuss the Bill line by line. This committee will reflect the balance of power in the House. Opposition MPs (and sometimes some ruling party backbenchers) will criticise clauses in the Bill, and try to introduce amendments. They may succeed on points of detail.

Sometimes, the government itself will seek to change the Bill as it passes through the House of Commons. In the case of the **Local Government and Housing Bill 1989**, several hundred government-sponsored amendments were made.

(d) The third reading

After the committee stage, the Bill returns to the House of Commons for approval of amendments. If this stage is completed, the Bill will be passed to the House of Lords, where it will go through a similar process.

Most legislative proposals come from the government, and if the government has a clear majority of members in the House of Commons, and can count on the obedience of party members, it will get its Bills through Parliament. However, if there is widespread opposition to a measure in the country, the government may have to drop a Bill, or repeal or amend legislation. The most famous example of this in recent years was the Community Charge (or poll tax) legislation introduced under the **Local Government Finance Act, 1988**, and replaced by Council Tax under the **Local Government Finance Act, 1992**.

As with questions, debates on Bills are recorded in the Official Record or *Hansard*, published by Her Majesty's Stationery Office, and available in most good libraries.

2.3 Consultation papers

Before translating policy into legislation, a government may publish a consultation paper. For example, in 1992, the DoE published a paper on *The Development of the Local Authority Housing Investment Programme Process*. This proposed that:

- Local authorities should develop five-year housing strategies, to be updated annually.
- Plans should be cost-effective and involve organisations such as housing associations and private developers.

Consultation papers are circulated to interested parties and to others on request. After the deadline for comment, the government issues a revised final policy document called a White Paper.

Before we go on to consider extra-parliamentary influences on policy, test your understanding of this section so far.

Self Test 1

1. *Briefly describe the ODPM team responsible for housing.*

2. *How can Parliament affect government housing policy?*

3. *What stages must a Bill go through before it becomes an Act of Parliament?*

4. *In what ways might housing policy change as a result of the Green Paper 'A decent home for all'?*

Now turn to the Answers at the end of the Block.

3. Extra-Parliamentary Interests in Housing

There are other interested groups, who also seek to influence decision-making. They include:

- business, including the construction and financial industries;
- the Audit Commission, created to ensure value for money in local authorities and National Health Service;
- representative association of local authorities;
- voluntary bodies and pressure or interest groups such as Shelter and Age Concern.

3.1 Housing and business

The performance of the economy is crucial to the business community. During 1992, for example, several sections of industry complained that the economy was pulling out of the recession far too slowly, with the result that many companies were likely to go out of business. When the economy starts to recover, there will be new opportunities for business to win contracts, employ more people and become more profitable.

The big housebuilders, for example, applaud house building programmes. The construction industry will seek to influence policy at a national level by methods including lobbying MPs, ministers and civil servants. The industry will also have an interest in housing policies at a local level

Activity 4

Consider your own organisation. Make a list of the private sector organisations with an interest or a potential interest in the activities of your organisation. You can make your list under these suggested headings:

Organisation

Type of interest

Time allocation 10 minutes

There are no universal answers to this. Your answers will depend on your organisation, but you will probably have included some of the following:

- Construction firms wanting to build new houses for your organisation.
- Builders and other firms looking for contracts to modernise or renovate properties.
- Management consultancies offering advice on housing management.
Firms wanting to manage your housing stock, rent collection, lettings, etc.
- Heating engineers wanting to install new systems.
- Computer firms trying to sell new systems for managing records.
- Office cleaning firms looking for work.

You may well have thought of others. One of the trends, encouraged by government, is for housing organisations to make greater use of private firms to carry out many activities. If you work for a local authority, you may be familiar with Best Value

(b) The Financial Institutions

As you have probably realised, some of the biggest financial institutions have interests in housing.

(i) Private sector housing

- Most people buying a house need to borrow money. This has traditionally been through building societies, but in recent years, high street banks have also offered loans.
- You may have noticed that in the late 1980s, building societies went into the estate agency business. With the contraction of the housing market, many of these new offices closed down.

(ii) Social housing

Banks and building societies have a growing interest in social housing.

- They have provided funding to enable housing associations to take on large-scale voluntary transfers of local authority housing.
- Under the financial regime for housing associations introduced in the **1988 Housing Act**, they partly fund the normal development programmes.

- More recently they have entered 'partnership consortia' with associations and the large building firms for cost effective development of big new estates.

3.2 The Audit Commission

The Audit Commission was created by government to scrutinise local authorities and the National Health Service to ensure that services provided good value for money. The Audit Commission produces critical reports on aspects of service provision, in which it is prepared to criticise government policy. You will look at the issue of value for money in more detail in the third Unit of this course, *Housing Practice and Quality Service*. For the present, we can look at an example of the Commission's work on housing.

One of their reports is entitled *Developing Local Housing Strategies*, published in 1992. This pointed to a gap between the supply of social housing and the projected demand for it. Its main recommendations were that local authorities should:

- Reappraise their role in providing housing, and examine that of other agencies.
- Set comprehensive objectives.
- Assess their internal and external resources.
- Make the best use of their stock.

Activity 5

In this activity, you will look at the way your organisation has responded, or might respond, to these proposals of the Audit Commission. How you set about this will depend on what kind of organisation you work for.

- *If you work for a local authority housing department, find out whether it has responded to this document, and what has been done.*
- *If you work for a housing association, or another kind of organisation, some of these recommendations are equally applicable. Has your organisation attempted any of these exercises, and what has been achieved?*

No answers will be provided for this activity. However, you will find the information you collect useful for assignments you will have to complete during the course.

Time allocation 20 minutes

The Labour Government has further developed the role of the Audit Commission. In 1999 a new Housing Inspectorate formed a distinct branch of the Audit Commission Best Value Inspectorate, which was established as part of the strengthened audit and inspection regime under Best Value.

3.3 Local Authority Representative Associations

Local authorities have national associations to represent their interests in dealing with central government.

(a) The associations

In England and Wales there are three main associations representing different types of authority. These are:

- the Association of County Councils (ACC)
- the Association of Metropolitan Authorities (AMA) representing metropolitan districts in the cities
- Association of District Councils (ADC) representing shire districts in county areas.

Following devolution, associations representing Welsh local authorities report to the Welsh Assembly.

In London, where authorities are also members of the AMA, there have been two further associations.

- the Association of London Authorities (ALA) mainly representing inner London.
- the London Boroughs Association (LBA), mainly representing outer London.

Authorities in the capital divided along political lines when the Greater London Council was abolished in 1986. They formed a single association again in 1995.

In Scotland, there is a single association, the Convention of Scottish Local Authorities (COSLA). This now reports to the Scottish Parliament

(b) Their role in housing

The associations are managed by member councillors, and have a committee system. Associations representing districts have housing committees. The ACC has an interest in housing through its planning committee.

There are specialist secretariats which monitor trends, carry out research and publish policy papers, as well as providing briefings for meetings with ministers. Senior officers from local authorities act as advisers.

The associations have produced influential work on housing.

- In the early 1980s, the AMA drew attention to defective housing with a series of survey-based reports.
- It publishes reviews of the housing benefit scheme and local practice on repairs, which have led to some changes on both fronts.
- The AMA and the ADC together carry out an annual survey and critical review of local authority housing finance.

Twice a year, the associations have a full formal Housing Consultation with the Ministers and officers of the ODPM.

Together with other bodies in the housing field, notably the National Housing Federation, the associations are members of the National Housing Forum, which draws attention to current problems and offers new ideas once a year by holding a National Housing Week.

3.4 Voluntary organisations

You may already be familiar with the many voluntary bodies involved in housing. Sometimes they provide services to people in housing need. They may also seek to influence policy-making, and are then known as pressure groups or interest groups.

(a) The groups

Perhaps the best known of these groups is Shelter, which campaigns on homelessness, provides a network of housing aid centres, and carries out research.

Other important groups include:

- Age Concern, involved with the housing needs of the elderly;
- Mind, which is concerned with the needs of those with mental health problems;
- Mencap, active on behalf of people with learning difficulties.

Mind and Mencap have been involved in the development of new housing services under the Care in the Community programme.

(b) Their methods

As pressure groups, these organisations will try to influence policy in ways similar to the construction industry.

- Some, like Shelter and Mind, provide advisory services to specialist groups for backbench MPs.
- They brief MPs when new legislation is being proposed.

4. Housing and Devolution

The constitutional change which has led to the devolution of power in Wales and Scotland and the proposals for such devolution in Northern Ireland have implications for housing policy.

The Welsh Assembly and the Scottish Parliament now have responsibility for housing within their own countries. As a result, we could see marked differences in housing policy and provision between different parts of the UK.

4.1 Scotland

Following devolution of power in 2000, responsibility for housing policy in Scotland rests entirely with the Scottish Parliament and its administrative arm, the Scottish Executive.

As with the government of England, housing policy is important to a number of departments. However, the department within the Scottish Executive with the most interest in housing is the Development Department, headed in 2000 by Kenneth MacKenzie, CB. The Scottish Executive Development Department (SEDD) assumes much the same role in Scotland as does the ODPM in England.

(a) Responsibilities of SEDD

SEDD administers a wide range of the Scottish Government's responsibilities including:

- Social inclusion
- Housing and area regeneration
- Local government and finance
- Land use planning
- Building control
- European Structural Funds Management
- Roads and transport planning

SEDD's primary housing aim is to ensure an adequate supply of housing in Scotland. It intends to do this by targeting resources at specific local authorities and through its sponsorship of Scottish homes, the national housing agency.

However, there is one area of housing related policy over which SEDD has little control, that of welfare benefits. Responsibility for welfare benefits policy, and thus housing benefit, remains with the central government in London. Thus, any social housing policies the Scottish Parliament make will be constrained by decision about housing benefit levels.

Activity 6

What difficulties can you see arising from the fact that SEDD has no control over housing benefit levels in Scotland. In what ways will this constrain policy development?

Time allocation 5 minutes

4.2 Scottish Homes

Scottish Homes came into existence in 1990 and plays the same role in Scotland as the Housing Corporation plays in England. It has the primary aim of promoting the development of a diverse rented sector and assisting owner-occupation in Scotland. It inherited a stock of some 75,000 homes from the Scotland-wide public housing authority, the Scottish Special Housing Association. The Association was set up in the 1930s to help areas with great housing needs. These homes are to be found all over Scotland, but particularly in main urban areas and in rural communities.

Scottish Homes carries out a great deal of research into housing problems in Scotland, and publishes a regular research bulletin. Together with others in the field, especially local authorities, the agency has spearheaded a co-ordinated approach to problems, and works in partnership.

Scottish Homes has some powers available only under Scottish housing legislation. Notable amongst these are GRO grants: Grants for Rent and Ownership, which can be paid to private landlords and developers taking part in projects such as the regeneration schemes in Scottish cities. The grants cover 40 per cent of development costs. Private finance is also drawn in: in 1993/94 the agency invested £270 million directly in the work of housing associations and others, and generated a further £130 million from private sources.

A major reorganisation in April 1997 resulted in a change in structure to provide more effective decision-making within Scottish Homes linked to local need. There are now 5 regions and 4 corporate divisions. These changes are very much in line with general political awareness of the need to devolve decision-making and understanding to smaller regional levels (see section C4 Regionalisation).

(a) Regions

The five regions of Scottish Homes are:

Glasgow and North Clyde, Highlands and Islands, South and West, Lothian, Borders and Forth Valley and North and East.

(b) Corporate divisions

The four corporate divisions of Scottish Homes are:

Strategy, Performance and Regulation, Organisation, Development and Corporate Affairs, Housing Management, and Communications

4.3 Wales

The Government of Wales Act 1998 established the National Assembly for Wales. Following this in 1999 the *National Assembly for Wales (Transfer of functions) Order* was passed to enable devolution of powers and responsibilities from the Secretary of State for Wales to the Assembly. One of the responsibilities which passed to the Assembly was for housing.

Prior to devolution, the agency responsible for housing in Wales was Tai Cymru. However, responsibility now lies directly with the new assembly. Within the National Assembly, housing falls within the portfolio of the Assembly Secretary for Local Government and Housing. It is dealt with by two divisions:

- The Housing and Community Renewal Division
- The Housing Performance and Finance Division

The Housing and Community Renewal Division deals with:

- investment by registered social landlords and local authorities;
- national and local housing strategies; and
- co-ordination of social inclusion policy and technical matters.

The Housing Performance and Finance Division has responsibility for audits, 'Best Value', performance indicators, and the management and maintenance of social housing.

A broader picture of housing policy and provision in Scotland, Wales and Northern Ireland will be covered in Block HP.104 Housing Policies and Provision within the UK. Section D of that block discusses the housing context in each of three regions and looks in greater detail at the way policy is being developed following devolution.

5. Central Government and Registered Social Landlord Policy

Registered social landlords (RSLs) are an increasingly important part of the social housing picture.

- They have become the main providers of new social housing, providing about 60,000 new homes a year through construction and renovation.
- It is government policy that RSLs should be integrated into district housing strategies.
- They have access to about £2.5 billion a year for developments.

Here we will look at the way this important sector functions.

5.1 What are RSLs

RSLs are non-profit organisations for the provision of low cost housing. The majority of them are housing associations. The **Housing Act 1996** has largely redefined housing associations as being part of a wider social housing grouping known as Registered Social Landlords (RSLs). This new categorisation allows for the creation of other types of non-profit making social landlords – for example Local Housing Companies. They are run by management committees of local people with relevant experience. There are about 2,200 RSLs currently registered as fit to operate. About 1,000 have active development programmes.

5.2 The supervisory bodies

They are supervised in England by the Housing Corporation, whose brief is set by the Secretary of State for the Environment. Members of the management committee, for example, must be approved by the Corporation. The RSL's proposed developments must be approved by the supervisory bodies, rather as the DETR must approve local authority projects. This is known as the Approved Development Programme (ADP).

In Wales, the supervisory body was Tai Cymru, the Welsh Housing Agency. However, under the **Government of Wales Act 1998** the functions of Tai Cymru were transferred to the Secretary of State for Wales on 1st November 1998.

In Scotland, the supervisory body remains Scottish Homes which, since devolution Scottish Homes no longer reports to the DETR but to the Scottish Executive Development Department (SEDD), the administrative arm of the new Scottish Parliament.

5.3 The representative organisation

RSLs also have a national membership organisation, the National Federation of Housing Associations (NHF), which acts for them in negotiations with the government and the supervisory agencies. NHF is also an important source of advice and ideas for the associations. It has separate Scottish and Welsh subsidiary organisations.

5.4 The Role of the Housing Corporation

The Housing Corporation has a mission statement (a statement of purpose) which says that it aims: *'to work to improve people's quality of life through social housing'*. This is underpinned by five strategic aims:

- To help revitalise and maintain sustainable housing and neighbourhoods;
- To act in the interest of tenants and residents;
- To secure the effective stewardship of existing stock;
- To safeguard public interest and;
- To encourage innovation and the pursuit of Best Value

(Source: The Housing Corporation Housing Factsheet No. 5.)

It also has four principal functions, as set out in the consolidating Housing Associations Act 1985. They are:

- registration of Housing Associations (RSLs);
- supervision and control of Housing Associations (RSLs);
- issuing guidance to associations;
- providing loans and Social Housing Grant (SHG) to support development programmes. You will examine the funding role in some detail below.

5.5 Accountability

The Corporation is also accountable to Parliament and the National Audit Office (NAO). The NAO and the Environment Select Committee have both investigated aspects of the way the Corporation supervises and guides the work of associations. One of the questions raised by Select Committee members was whether the various roles of the Corporation, and in particular the policing role and the function of support and funding of development, are compatible.

Activity 7

Take a few minutes to think about the differences between housing associations and the Housing Corporation, and the local housing authorities in their relationship with central government. How do they differ in terms of funding and supervision of practice? Make a note of some of the differences in this space.

Time allocation 10 minutes

In the case of local housing authorities, and unlike the associations, funding and performance monitoring are separated: funding is controlled directly by the ODPM, while the Audit Commission monitors their performance. The ODPM, as you have seen, takes account of local authority performance when allocating spending. As yet, no-one has found a satisfactory alternative way of ensuring that the spending power of housing associations is accompanied by good practice, other than through the combined roles of the Corporation.

5.6 How the Corporation operates

(a) Structure of the Housing Corporation

The Corporation works through four divisions, responsible for:

- operations, in contact with nine regional offices and through them with the housing associations;
- policy and corporate planning;
- finance and administration;
- registration and monitoring.

It has a Chief Executive and each of the nine regions is headed by a Director with some local autonomy. Regional directors play an active role in the work of the associations, and will have contact with others active in housing in their areas, in local authorities as well as other associations.

(b) Functions

Associations must register with the Corporation for access to Social Housing Grant (SHG) and loans. They may be registered as fit for some purposes, but not others. For example, the larger and more experienced associations only are allowed to undertake development. Smaller or new associations are advised to let one of the larger associations be their development agent. Smaller associations may be registered for the range of approved landlord functions alone.

The Corporation believes there are now enough associations in England, and discourages further registrations. This is not the case in Wales and Scotland, which did not experience the same growth in the number of associations during the 1970s.

The main newcomers in recent years have been associations formed by tenants and minority ethnic groups, along with the category of RSLs created by the **Housing Act 1996**.

The Corporation can investigate and monitor associations, can require officers and committee members to be replaced, and can attach officers to work with them to sort out problems. It can de-register an association, cutting it off from funds.

Every association must submit annual accounts, and complete a statistical return, HAR 10. Data from these returns are collated and published annually in reports and factsheets.

Monitoring officers visit associations, examining procedures and performance. They ask two key questions:

Is the association handling public funds in a way expected of a non-profit body?

Is the management committee in control of the association?

The Corporation is developing a detailed performance monitoring system for associations, like that for local authorities. It hopes to reduce the number of associations visited, to concentrate on those giving cause for concern.

Under the financial regime introduced by the **Housing Act 1988**, associations are expected to borrow a proportion of their project funding from the private financial sector. The Corporation assesses their financial standing providing investment profiles, so that lenders can judge risk.

Some associations, older, larger and with a valuable asset base (i.e., a large stock of housing) are allowed to receive their ADP funding on a 'tariff' basis. This is, they need only have a broad package of schemes approved, and are provided with a certain amount of SHG to develop the programme in detail themselves. You will learn more about tariff funding next year in the Unit *Housing Finance and Financial Skills*.

Financial performance is closely scrutinised to ensure that the associations' risk status remains up-to-date.

Individual development projects are known as 'schemes'. Associations have to satisfy the Corporation that they are competent developers. This check on their performance is known as a 'schemework audit'.

The Corporation published a guide, *Performance Expectations*, from which the new performance monitoring system will be developed. This dealt with eight key areas of practice:

- committee and association accountability;
- management control;
- finance
- race equality and equal opportunities;
- access to housing;
- housing management services;
- maintenance;
- development.

Associations were asked to monitor their own performance in these areas, and to set targets for improvement. The NHF worked closely with the Corporation in producing *Performance Expectations*.

The Corporation is encouraging associations to improve their levels of tenant participation. It recently appointed a Housing Association Ombudsman.

The Corporation and NHF together developed the important Tenants' Guarantee, under which associations promise to respect the interests of tenants in relation to rents and security of tenure - two areas where their rights were reduced under the 1988 Housing Act. The Corporation is prepared to penalise associations not behaving like good landlords.

In February 1999, the Housing Corporation published a framework for extending Best Value to RSLs. It consisted of recommendations for securing continuous performance improvement. This differs from the statutory Best Value system introduced for local authorities.

5.7 Associations as Housing Organisations

(a) Diversity

There is an enormous range of different kinds of housing associations. They include:

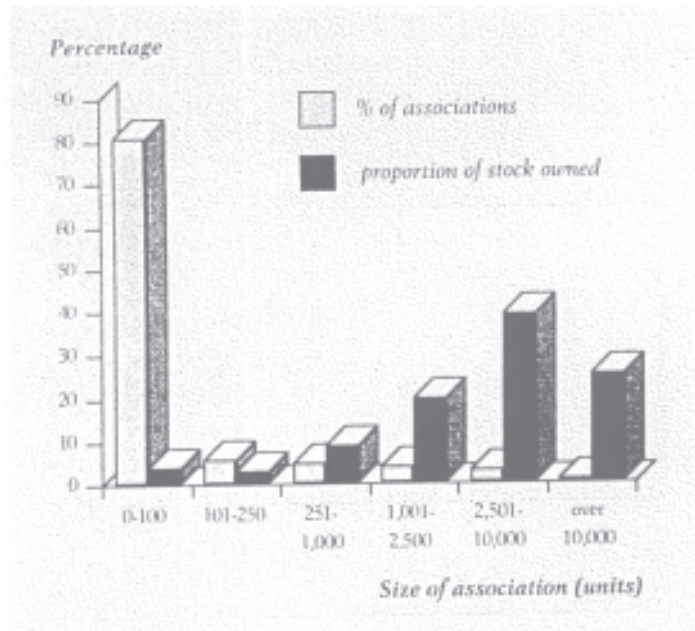
- (i) Almshouse charities which may have done little or no development since the sixteenth century.
- (ii) Nineteenth century trusts, like the Peabody, and the East End Dwellings Company - now the East London Housing Association - who built high density homes for the Victorian working class.

- (iii) Local associations like the Notting Hill Housing Trust, which sprang up in the 1960s in response to the first campaign by Shelter, and acquired old street properties.
- (iv) Scottish community-based housing associations of the 1970s, formed by residents in areas of tenement housing.
- (v) Highly organised regional giants like North British, with a stock of 41,267 (in 1996) mostly purpose-built homes run from about a dozen regional offices. North British is Britain's largest housing association. Anchor, an association which operates nationally to provide housing for the elderly.
- (vi) New local authority housing associations.
- (vii) Other registered social landlords.

One of the main differences is in size. Look at the histogram below, reprinted from the Corporation's annual factsheet, Housing Associations in England 1993.

Activity 8

The histogram illustrates data about the 2,000 associations registered with the Corporation. Look at each joined pair of columns. The light-faced column represents a proportion of all housing associations, and the dark-faced column represents the proportion of housing owned by those associations. What does it tell you about the size of associations? Make a list of the points in this space.



You won't have had much difficulty reading that the histogram illustrates the following data.

- (i) The majority of housing associations are very small. 81 per cent of the registered associations have less than 100 homes. Together, they own only 4 per cent of housing association homes in England, a total of some 30,000 homes.
- (ii) At the other extreme about 20 associations, just one per cent of the total, have over 10,000 homes each. This group owns 25 per cent of housing association homes, nearly 200,000 in all.
 - Half of these homes are bedsit, or one-bedroom homes.
 - As well as self-contained housing, associations also offer 70,000 hostel bedspaces.
 - Many specialise in special needs housing. Of the 720,000 homes owned by English housing associations, over 175,000, almost a quarter, are specifically intended for elderly people.
- (iii) In between are the 18 per cent of associations, with stocks averaging 5,000 homes. They mostly build family homes.

5.8 Management practice of Registered Social Landlords

Comparison with local housing departments is difficult because the organisations have historically served different purposes.

In 1991, a Glasgow University survey, published as *The Nature and Effectiveness of Housing Management in Britain*, compared a sample of general purpose associations and departments managing similar housing. The study found that:

- (i) Associations were twice as likely to work from decentralised offices.
- (ii) Housing managers of associations looked after fewer properties: on average, 150 per manager, compared with 700 per manager in local authorities.
- (iii) Partly because of this, the unit cost of management in associations was 50 per cent higher than in local authorities.
- (iv) Perhaps because of the smaller scale of operation, tenants were slightly more satisfied with associations as landlords: 83 per cent said they were very or fairly satisfied, compared to 73 per cent of local authority tenants.

In 1993, the York University survey, *Managing Social Housing*, confirmed these differences. The main changes were that the gap seemed to be closing a little on the number of homes per manager, the unit costs of management and tenant satisfaction. This study also found that:

- (i) Associations are more likely to contract out some management functions, particularly repairs. Forty-three per cent of associations contracted out at least one of their functions, compared with 12 per cent of authorities.
- (ii) Associations are less likely to have well-developed tenant participation. They often consult tenants individually by letter. The size of the organisation was a factor: larger associations and authorities had more developed systems.

5.9 The Financial Regime

Deficit financing

Under the **Housing Act 1974**, HAG (Housing Association Grant) was a deficit subsidy, which covered development costs on new schemes once rent income had been ascertained. At the time, association tenants paid regulated or 'fair' rents set by an independent rent officer. So rent income could be predicted.

HAG was paid as a lump sum at the start of development. However, if associations ran into difficulties with their budgets - for example if rent income was lower than calculated - they were able to apply for a revenue deficit subsidy as well.

5.10 The new regime

The **Housing Act 1988**, and the **Housing (Scotland) Act 1988** changed the way housing associations were financed.

- HAG became a fixed contribution to development costs. This was fixed at 75 per cent, varying across the country by regional cost levels.
- The remainder of development costs must be borrowed from the private financial institutions, to be repaid out of rent income.
- Rents paid by new tenants would now be determined by the debt to be repaid.
- Revenue deficit subsidy was abolished.

The government's argument was that this would provide more homes for the same amount of public spending. The changes also put pressure on rents, along with the deregulation of private and housing association rents and loss of secure tenancies contained in the 1988 Act. Since the **Housing Act 1996** HAG has become Social Housing Grant (SHG), reflecting the fact that all registered social landlords can submit bids to the Housing Corporation

5.11 Effects on rents and standards

The HAG rate, initially averaging 75 per cent, has since been reduced. In 1994/95 it stood at 62 per cent of development costs. Ministers have spoken of reducing it to 55 per cent.

It is more difficult for associations to build housing of good standard at affordable rents. They have had to turn to cheaper construction sites and to adopt lower space standards.

Even so, rents in new schemes are generally half as high again as rents in an association's remaining fair rent properties. It is quite usual for 80 per cent of tenants in new schemes to need housing benefit to pay their rent.

NHF maintains that associations should receive enough assistance to keep rents affordable. It defines affordable as not more than 25 per cent of the income of a low-paid worker.

Researchers for *Managing Social Housing* asked people working for associations how they felt about the new regime. The report said:

'Housing association staff were concerned about the long term consequences of the higher rents that they were having to charge on new housing developments. It was felt that the rent levels on new schemes might make them unaffordable, especially if potential tenants were on a low income but earned enough to make them not entitled to housing benefit. Staff were also concerned that those tenants who were on full housing benefit would actually be discouraged from taking low paid work because they would then become liable to pay some or all of what would be a relatively high rent in relation to their income.'

(Source: *Managing Social Housing* 1993.)

5.12 Effects on environments

A recent concern is the effect on the housing environment of the pressure on development costs. In order to stretch their resources as the SHG (HAG) rate has gone down, associations have formed consortia with volume builders to construct larger estates on economical edge-of-town sites, using 'off the shelf' house designs. In research for the Joseph Rowntree Foundation, David Page, former head of housing services at NHF, studied nine such estates. Associations are letting a high proportion of their family homes to homeless families nominated by local authorities. Page found that the ratio of children to adults in these nine estates was up to six times the national average. Page says that this trend is producing estates likely to be as unsatisfactory in management terms as the mass housing of the 1960s.

'The combination of an unfavourable dwelling mix and disadvantaged new tenants has produced a seriously unbalanced population mix on new estates. As a result, the sort of informal controls that can prevent a neighbourhood from deteriorating are less likely to be present.'

(Source: Building New Communities, Joseph Rowntree Foundation 1993.)

Activity 9

Consider this form of funding available to Registered Social Landlords. Which of the Government's aims in the Green Paper **'Quality and Choice: a decent home for all'** does this funding serve? Refer back to page 18.

Time allocation 10 minutes

Summary

1. The Cabinet Minister in charge of housing is the Deputy Prime Minister John Prescott. He is assisted by the Minister of State, Lord Rooker, and the Minister for Housing and Planning, Keith Hill, MP and Parliamentary Under-Secretaries who have delegated powers for different divisions of the department's work.
(See www.odpm.gov.uk for updates and responsibilities.)
2. Housing policy in Scotland and Wales is now determined by the devolved Assemblies in those countries. In Northern Ireland it is administered by the NIHE
3. Other government departments have an interest in housing policy, either directly or indirectly. Decisions on public spending on housing are taken by the full Cabinet.
4. Parliament can call government to account through parliamentary questions and departmental select committees.
5. Legislation goes through four stages in the House of Commons:
 - the first reading of the Bill;
 - the second reading;
 - the committee stage;
 - the third reading.
7. Government sometimes issues consultation papers before drafting a Bill.
8. Organisations with an interest in housing policy and practice include:
 - the business community, and particularly the construction and financial industries;
 - the Audit Commission/Accounts Commission;
 - local authority representative associations;
 - voluntary organisations and pressure groups working for the homeless and people with special needs.
9. Such organisations attempt to influence the direction of policy through lobbying and briefing MPs, carrying out research, issuing reports and using the media.
10. The Audit Commission is a government-created body, which monitors local services for value for money, but which is also prepared to criticise central government. It has undergone recent changes in respect of Best Value.

C. Inside the Town Hall

1. Three Roles for Local Authorities

Housing is a major responsibility for district councils. Most authorities employ more staff in housing than in any other function. In large urban authorities, the Housing Revenue Account (HRA), covering income and spending on housing, will be as big as the General Revenue Account, which covers all other services including education and social services.

In this section you will consider in detail the structure of local authorities, and their function as housing authorities. They have three main roles:

- the *strategic* role, which means that they are responsible for assessing and meeting housing needs in an area, as well as for assisting the homeless, and administering housing benefit.
- as possibly the largest landlord in an area, which involves them in housing *management*.
- a role as the *planning* authorities for the districts, which gives them a say in the use of land for housing.

1.1 The legal position

The power to carry out these functions has been created by Acts of Parliament, and all local authority actions must have this legal backing. When a district authority acts as a strategic housing authority, it may only act as allowed by the **Housing Act 1985**, or by later legislation and government guidance. If not, the authority is acting beyond its powers (the legal phrase is *ultra vires*) and can be taken to court. You will look at the way the legislation defines those functions in more detail below.

1.2 Housing and local politics

As with national housing policy, local housing policy is made in the context of political ideas and election promises, and the balance of power on a council between the political parties. However, local realities and practicalities, as well as local solidarity in the face of government action, and the closeness of voters and representatives, can cut across party lines. Opposition to the Community Charge or poll tax was an example of this.

1.3 Spending power

Local authorities nationally spend more than a billion pounds a year on housing. Ultimately, though, government has control over spending, and local freedom to choose how to spend is increasingly constrained.

1.4 Accountability

As a landlord, a housing committee is in some ways similar to the management committee of a housing association. We shall be looking at housing associations on page 62. The important difference is in accountability.

- Councillors are elected
- Meetings are open to the public
- Minutes of meetings are placed in libraries.

1.5 Organisational traditions

(a) The meetings cycle

All councils work slightly differently, but most have a cycle of meetings, with a full council meeting four to six times a year, with committees meeting in the run up to council.

(b) Sub-committees and working groups

As well as working through committees there are sometimes sub-committees and working groups. For example, a housing committee may set up a rent arrears working group, for monitoring and suggesting improvements in working practice. These groups meet before the main committee meeting in the cycle, reporting to it.

2. How District Councils Differ

There are four levels of local authority:

- county councils;
- metropolitan borough councils;
- district councils which may be unitary authorities;
- parish or community councils.

Our interest is in district councils, the level which has housing powers, though counties have the power to plan broadly where housing development may take place within their own larger areas.

The district level provides most of the practical services - refuse collection, street lighting, etc. District councils set and collect Council Tax. The other councils get the funds they need from the districts.

2.1 Shire and unitary councils

There are two kinds of district council.

- Shire councils serve those areas where there is a county council which itself runs major services, like education.
- Unitary or 'all purpose' authorities which handle everything that a county and a shire district would do elsewhere.

There are three types of unitary authorities:

- Metropolitan Borough Councils
- Unitary Councils, which are usually based on former shire district councils but with the additional responsibilities of the former county councils. For example, Darlington was a district council which formerly shared the responsibility for provision of services with Durham County council. Although Durham County Council still exists, along with seven Durham District councils, Darlington is now a unitary authority.

2.2 The housing authorities

(a) England

The housing authorities of England comprise of

- 237 shire districts;
- 36 metropolitan districts outside London;
- 32 London Boroughs and the City of London.
- 39 Unitary authorities

(b) Scotland

In Scotland, there are 32 single tier councils

(c) Wales

In Wales there are 22 single tier councils

(d) Size and housing need

Districts vary greatly in area and size of population. They include cities like Birmingham, with a population of over one million, part of a larger conurbation; cities of 250,000 like Nottingham; mixed urban-rural communities of about 100,000 people, like Mid Sussex; and sparsely populated areas of Wales and Scotland with populations of just 20,000.

The housing needs within the districts will also vary. Urban areas with high levels of homelessness, and older or poor standard housing will have a more demanding housing role than areas experiencing less pressure.

(e) Organising to respond to need

The organisation of the council will reflect these differences. Small rural councils are likely to do without a committee system and meet less frequently, whereas a city like Birmingham has an elaborate committee structure.

Staffing arrangements will also reflect the differences. Some small rural councils have no housing department: the treasurer collects rents; the engineer organises repairs; lettings are the responsibility of the chief executive's department. Birmingham, with 90,000 council houses, more than any other authority in England, has a large and highly stratified department.

Self Test 2

1. *What are the two main types of district council?*
 - (a)
 - (b)
2. *How many housing authorities are there at present in*
 - (a) *England?*
 - (b) *Wales?*
 - (c) *Scotland?*
3. *Which authority in England has more council houses than any other?*

Now turn to the Answers at the end of the Block.

3. Functions of a Housing Authority

3.1 The strategic role

Three sets of legislation, as detailed below, require the preparation of strategic plans by district councils. They are:

- **The Town and Country Planning Acts 1990 (England & Wales) and 1991 (Scotland)**
- **The Housing Acts 1985 and 1988**
- **The NHS and Community Care Act 1990.**

(a) Supply of land for housing

Under the Town and Country Planning Acts, councils are required to prepare a Land Use Plan for the local area. In areas where there is a county or region, the main plan will be prepared by the county or regional council in consultation with shire districts in the area. All-purpose authorities prepare a unitary development plan.

- In their plans, the councils must show that they are allowing enough space for 'housing to meet the needs of all sectors of society'.
- The plan must be approved by the ODPM (formerly the Secretary of State for the Environment (DETR)), who will hold a public enquiry. It may be argued that the plan shows too much or too little housing or the wrong mix. The council, through its planning officer, must make the best case for its proposals. However, the Environment Secretary has the last word. In recent years, ministers have insisted on the inclusion of more private housing in local plans.
- The strategic plan will provide the guidelines for a council in allowing or refusing specific housing development proposals. Developers can appeal to the Minister if a council refuses a proposal, and those appeals are often upheld.
- The **Town and Country Planning Acts 1990**, and subsequent guidance, also make two powers available to councils as planning authorities which can be used to ensure more social housing.

* *Planning gain*

Under section 106 of the 1990 Act councils may ask developers, including builders of superstores, to include a proportion of social housing in new proposals. Some developers make the contribution by helping to fund a housing scheme elsewhere. This system is known as 'planning gain'.

* *Planning exceptions*

The other new power is to permit development in rural areas, where new housing would not normally be allowed providing it meets a local need for social housing. These schemes are known as planning exceptions. However, this is coming under fire as the government commits to prioritising the use of brownfield sites for the majority of development.

(b) Review of housing conditions and trends

The **Housing Act 1985** and the **Housing (Scotland) Act 1987**, require that the council, as housing authority, must regularly review housing conditions within its area. The 1985 Act sets out how this must be done:

- Councils must review local housing conditions ‘from time to time’.
- In particular, they must note any need for additional housing, and poor standard housing.
- They must draw up plans, for about five years ahead, for local housing development and improvement.

The Act states:

‘... every local housing authority shall consider housing conditions in their district and the needs of the district with respect to the provision of further housing accommodation.’

The authority should draw up

‘... proposals to deal with them by a rolling programme of capital expenditure.’

The council’s proposals must then be submitted to the ODPM or the Welsh or Scottish authorities for funding approval. The schemes for which finance can be obtained then become, in England and Wales, the council’s Housing Investment Programme, and in Scotland, its Housing Plan.

Authorities often carry out detailed research to support their funding bid. This research may:

- reveal the extent of substandard housing;
- survey means, needs and wishes of local residents;
- include the results of ‘satisfaction surveys’ of tenants.

A local authority may make a number of proposals. The 1985 Act offers a range of powers. Housing authorities may:

- buy land for new rented council homes;
- buy further homes to add to council stock;
- improve existing housing stock;
- lend to housing associations for building, buying and improving;
- compulsorily purchase and demolish poor housing;
- offer loans and grants for improvements to private owners;
- lend to individuals to help them buy their own home.

However, all proposals need the approval of the ODPM. In recent years, ministers have been prepared to allow only half the spending councils bid for on capital programmes. Of the £2.5 billion councils spend annually, some 75 per cent is on modernisation and improvement on existing estates. The main spending on new homes is by housing associations.

Closer co-operation between council housing authorities and housing associations is increasingly required by ministers. In 1992, they were asked to move towards joint capital planning, with the long-term aim of merging council Housing Investment Programmes (HIP) with the associations' Approved Development Programmes (ADP).

(c) Housing and Community Care

Under the **NHS and Community Care Act 1990**, councils which are social services authorities must draw up Community Care Plans for their area, with the area health authority. The aim is to provide more community-based services for vulnerable people such as the frail elderly, or those with mental health problems.

- It was always intended that housing authorities would contribute to these plans. As the process has developed, the issue of appropriate housing has emerged more strongly. Supported and sheltered housing schemes have been commissioned, with funding from a number of sources. When a long stay NHS facility is closed and sold, some of the proceeds are usually directed into new housing provision.
- The changes have revealed the need to adapt home design, to include more 'barrier free' homes for people with disabilities in new schemes. It has also shown the need for new approaches to housing management.

- Over time, the changes may encourage more sensitivity in the discharge of housing functions. Some districts have appointed a 'Vulnerability Panel', reporting to both housing and social services committees, which attempt to find the best rehousing solution to individual cases arising under the new care responsibilities. Responsibilities arising under the **Disability Discrimination Act 1995** have given added impetus to such initiatives

3.2 Housing and disability

The **Disability Discrimination Act 1995** makes it illegal for housing providers (among other services providers) to discriminate against a disabled person by:

- refusing to provide, or deliberately not providing a service
- providing a different standard of service
- failing to change a practice or procedure which makes the service unreasonably difficult for a disabled person to use

3.3 Day-to-day responsibilities

Housing authorities have four obligations in their day-to-day function. These are:

- managing the housing stock;
- assessing the needs of homeless applicants;
- assessing and administering housing benefit claims;
- inspecting old private housing, and taking action for its improvement.

(a) Local authorities as landlords

District councils have been allowed to provide rented housing since 1890 and remain the largest landlords. They received the first subsidies from central government under the **Housing and Town Planning Act of 1919**. Councils embraced the opportunity, in particular to meet the huge housing shortage of the years after the Second World War. Despite right-to-buy sales, and the transfer of homes to housing associations by some smaller councils, the local authorities remain the largest source of rented housing. Councils still own some five million homes in Britain, compared to about 800,000 housing association homes, and about 1.5 million owned by private landlords.

- The future role of local authorities is likely to remain significant. It is simpler to meet the needs of homeless families with a stock of housing under council control. As you will see in Section D, tenants want councils to stay in the business of providing housing. You will also see that councils provide housing much less expensively than housing associations can. Much council housing is popular and well built, with shabby tower blocks the exception.
- The statutory position remains as in **section 161** of the **1985 Housing Act**, which says:

‘a local housing authority may provide housing accommodation.’

However, the **Local Government and Housing Act of 1989** added this qualification to the section:

‘Nothing in this Act shall be taken to require (or to have at any time required) a local housing authority itself to acquire and hold any houses.’

This enables a council to transfer homes to another landlord, or to tenants.

Councils have some scope for interpretation of their brief under the 1985 Act.

- On lettings, they are required only to give ‘reasonable consideration’ to large families, the homeless, or those in overcrowded, unsanitary or otherwise unsatisfactory conditions.
- On rents, they may ‘make such reasonable charges as they may determine.’
- On repairs, they are free to determine standards.

However, there are also new requirements on the authorities.

These include:

- New restrictions on what can be included in the Housing Revenue Account. As a result, the level of government subsidy in any year can force a rent increase.
- New rights for tenants, including rights to:
 - * have repairs done within a specified timescale;
 - * be given information about management performance;
 - * to take over management or move to another landlord if dissatisfied.

- An obligation to put housing management services out to open competitive tender. This means that in-house costs must bear comparison with other housing providers.

You will examine these changes in more detail in Section D below.

(b) Local authority responsibility for the homeless

Since 1977, under legislation now incorporated into the **Housing Act 1985**, and the **Housing (Scotland) Act 1987**, housing authorities have a duty to assess the needs of families with children and other people regarded as vulnerable who are homeless or likely to become so, and to assist them. Before 1977, the duty lay with social services.

In order to qualify for this help, people must:

- have a connection with the locality in which they are applying for help, rather than any other;
- satisfy the statutory definition of homelessness: that is, have no accommodation that they are entitled to occupy;
- fall into an approved 'priority' category;
- not have placed themselves in this position intentionally.

If they satisfy these conditions, the authority must find them somewhere to stay, either within its own permanent rented stock or with a housing association, or must place them for the time being in some kind of temporary accommodation, usually leased from private landlords.

Re-housing homeless people has become a large and expensive problem. Some comparative figures for authorities across England will illustrate this.

Table 1: Homeless and Local Authorities

	Applications	Households accepted as homeless	Households placed in temporary accommodation
1978	100,000	50,000	4,000
1993	300,000	150,000	60,000

(Source: DoE.)

The government has looked at ways of lessening this obligation on councils. In January 1994, it suggested that help could be limited to finding private rented accommodation, with the homeless then joining council and housing association waiting lists for more permanent homes.

Authorities said they doubted that there were enough private rented premises to supply the need, and that it would make little real difference to the demands on councils. It was felt that homeless people have such extreme needs, that they are still likely to be housed as rapidly as possible, and that the real need was for more social housing.

(c) Administration of housing benefit

The present housing benefit scheme was set up in 1982, merging elements of local authority rebates and Department of Social Security payments. Tenants of the local authority, of housing associations and private tenants can claim the benefit. Housing authorities administer the scheme for the DSS, which sets out rules of entitlement, method of calculation, and benefit payable. Current rules date from the **Social Security Act of 1986**, which was intended to reduce the cost of the programme. Some three million claimants now claim the benefit, at an annual cost of £7 billion.

- Councils must assess cases and make payments within set timescales.
- Where claimants are private tenants, the authority must check that their accommodation is of 'reasonable' size and cost.
- The benefit must be capped at a 'reasonable' level. If the council chose to allow the full cost, fearing that less will cause homelessness, the government will not reimburse for the extra cost.

In 1991, the DSS issued tables showing the 'threshold' rent for each locality at which private cases should now be scrutinised closely. Ministers have spoken of setting a maximum private rent for benefit purposes.

(d) Public health responsibilities

The responsibility for dealing with dangerous and unhealthy housing conditions dates from the 1860s. The sections of the 1985 Act outlining these duties are among the most detailed and specific. **Section 605** of the Act states:

'The local housing authority shall cause an inspection of their district to be made from time to time with a view to determining what action to take in the performance of their functions...'

The section goes on to list specific duties as regards:

- properties unfit for human habitation or in poor repair;
- areas in need of improvement;
- areas warranting slum clearance;
- management of houses in multiple occupation.

Of the 20 million homes in England and Wales, well over 1.5 million (7%) fall into the category of unfit in national House Condition surveys. Inspections focus on privately rented property. Since the onus is on the landlord to keep the property fit, not to overcrowd, and to supply sufficient facilities and fire safety arrangements, the law is on the authorities' side. They can have the necessary work done, charging the cost to the landlord. However, it is a difficult area of the law, with scope for claim and counterclaim in the courts, which can be costly in money and officers' time.

Councils now tend to adopt a carrot and stick approach, with the threat of legal action backed by loans and grants to get the work done. The HIP will allow for a certain amount of such spending.

Activity 10

You have looked at the responsibilities of housing authorities for management of stock, for helping the homeless, for administering housing benefit, and for public health monitoring of housing. Which of these council divisions do you think would need the biggest staff?

1. *Look back at the national figures given under each responsibility to see which you could expect to require most manpower.*
2. *If you work for a local authority, try to find out how many staff it employs in these divisions.*

Time allocation 15 minutes

Most staff will be required in management of housing:

- You saw that council housing authorities still own some 5 million homes across Britain: these require constant work in rent collection, repairs, and allocation to new tenants.
- Three million people claim housing benefit, but it remains payable for a year unless their circumstances change.
- While there are one million unfit homes, only a proportion of these will be dealt with in any one year.
- The 300,000 households asking for help as homeless each year also generate a lot of work. Each case must be checked, and those accepted as homeless found a place to stay. Depending on local conditions, this may generate as much work as unfit housing.

4. Regionalisation

In recent years, there has been increasing awareness of the need to devolve decision making to smaller regional levels. This is central to thinking within the European Union which aims to develop a 'Europe of the Regions'. Many of the constitutional changes which have occurred in the UK, including the devolution of power to Scotland and Wales and the potential for such devolution in Northern Ireland can be seen in this context.

In line with this in 1998 The government established nine Government Offices for the Regions with responsibility for administering and advising on a wide range of policy issues including issues affecting housing, and 11 Regional Development Agencies whose core function is to provide a strategic lead in economic development in the regions

4.1 Regional Offices for Government

The Regional Offices for Government work to promote the Government's policy on a wide range of housing related issues throughout the regions, including homelessness, care in the community, tenant empowerment, and Best Value in the provision of local authority housing services. They are responsible for managing the annual Housing Investment Programme, allocating capital resources to local authorities. The Regional Offices also work with the Housing Corporation to produce a Regional Housing Statement and oversee the activities of RSLs.

In addition to the work which is directly linked to housing policy the Regional Offices are also responsible for the development of Regional Planning Guidance (RPG) developed in co-operation with local authorities at regional planning conferences. Amongst the issues to be considered is the adequate provision of housing at the regional level and its distribution.

4.2 Regional Development Agencies and housing

The 11 Regional Development Agencies which have been set up aim to promote economic development in the regions. Whilst not directly related to the development of housing policy, the RDAs will have an influence as they identify future housing need to support economic development.

Activity 11

In what ways do you think the economic development of a region might impact upon its future housing need. Think of the region you live in, in what way is the housing of the region related to the economic situation? How might a change in the economic situation alter the housing need?

Time allocation 5 minutes

5. Local Authorities and Housing Associations

Housing associations and local authorities are now expected to work very closely together on district housing strategies. The ADPs of associations and HIPs of authorities are intended to provide an integrated package of proposals for an area.

There are some difficulties in this:

- Areas of activity for associations do not match local authority areas. The larger associations plan over a wider area.
- Associations plan for three years ahead, whereas local authority capital expenditure is decided annually.
- The need to protect the viability of an association under the funding system means that it may be reluctant to build where the authority wishes.

5.1 Methods of co-operation

Most local authorities have set up regular liaison arrangements with local housing associations. The authorities' housing plans will be discussed with them. Some authorities have zoned their areas for the convenience of associations: a particular association may be encouraged to take the lead in a zone.

What positive action can an authority take to help associations make a contribution? These are some of the ways authorities have found to help:

- An authority may sell land and property to an association at less than market price in exchange for being able to nominate people to some of the new association homes.
- A council may obtain sites for an association through 'planning gain' agreements with private developers. In certain cases, an authority is permitted to make a financial contribution to the scheme.
- An authority may apply under special funding schemes run by the government or the European Union for help with regeneration projects in which an association will take part.
- Authorities have traditionally helped associations by lending from HIP resources, to supply SHG, which can later be recovered from the ODPM. This method is less used now, as joint-funded schemes are better value for an authority.
- A council may provide short-term credit to enable a project to go ahead until long-term funding is available from the Housing Corporation. For example, an association may thus be helped to buy a site or property for future development.

Housing Associations can also assume areas of housing work which may be outside the scope of authority resources. This kind of work may including the following:

- Leasing and managing private housing for use as temporary accommodation for homeless people.
- Taking over and improving the management of privately rented accommodation under the scheme called *Housing Associations as Managing Agents*.
- Turning vacant space above shops into homes under the scheme called *Living Over the Shop*.
- Running home improvement schemes for private owners. The *Care and Repair Scheme*, for example, helps elderly people keep their homes in good repair.

In conclusion housing associations and local authorities will be able to co-operate in areas where their interests coincide. There may be obstacles to fully integrated operations however.

- From the authorities' point of view, the chief obstacle is likely to be the priority which must be given to repairing and modernising council housing, at a time of financial constraints.
- For associations, working without the safety net of help with deficits, the obstacle to co-operation is likely to be the importance of safeguarding the organisation's viability. They will be unwilling to undertake joint projects which will be too costly.

Summary

1. Local authorities have three main housing roles: strategic; management; and planning.
2. The main consolidating Act of Parliament giving local authorities their powers is the Housing Act 1985.
3. The level of local government with responsibility for housing is the district council. There are two kinds of district council: shire and unitary or 'all purpose' authorities, such as the metropolitan councils, London boroughs and Scottish island authorities.
4. In its strategic role, the district council is responsible for the supply of land for housing; review of local housing conditions and trends; production of Housing Strategy Reports; and for providing suitable housing under Care in the Community.
5. Its day-to-day management responsibilities include its work as a landlord, its responsibility for the homeless, administration of housing benefit, and responsibility for public health and safety issues in private rented accommodation.
6. Housing associations now build most new social housing.
7. The Housing Corporation in England, Scottish Homes in Scotland finance this development work and, also, control the activities of associations and try to raise their standards. In Wales the development is financed directly by the Welsh Assembly
8. Associations are very different; those which are most active now offer good management standards, if at higher cost than authorities, and are appreciated by their tenants.
9. The new financial regime that followed the Housing Act 1988 has caused difficulties for associations and made them alter the way they work; it can be an obstacle to a closer relationship with authorities.

Answers

Self Test 1

1. The Minister in charge of housing is the Deputy Prime Minister. He is assisted by a team of Ministers of State and Parliamentary Under-Secretaries who have delegated powers for different divisions of the department's work.
2. Parliament can call government housing policy to account through parliamentary questions and departmental select committees.
3. Legislation goes through four stages in the House of Commons:
 - the first reading of the Bill;
 - the second reading;
 - the committee stage;
 - the third reading.

Self Test 2

1. The two types of district council are the shire council and the unitary council. The latter are also metropolitan councils and the Scottish and Welsh single tier authorities.
2. England and Wales have 336 housing authorities, and Scotland 32.
3. The authority with the largest stock of council housing is Birmingham, with over 90,000 homes.