

ALL-PARTY PARLIAMENTARY GROUP (APPG) FOR COUNCIL HOUSING: INQUIRY INTO THE CURRENT AND FUTURE DEMANDS FOR COUNCIL HOMES

Introduction

UNISON is the UK's largest trade union with over 1.3 million members delivering essential public services across sectors such as health, social care and housing. UNISON is a major union in the social housing sector and actively campaigns on housing issues affecting our members and citizens.

UNISON recognises that our members, their families, workers and citizens face huge challenges around access to decent and genuinely affordable housing. We have carried out extensive research to find out the impact of the housing crisis on our members, including surveys of our member's experiences. We have published reports including, our **Housing Manifesto**¹ which makes the case for council and genuinely affordable housing for all, and our recent report "**Through the Roof**"², which warned that rising housing and living costs are driving increasing numbers of our members, who are public service key workers, into financial hardship and poverty, leaving many cutting back on food and essentials just to keep a roof over their heads. The report made several recommendations to improve housing supply, affordability, and quality standards across the housing system, to ensure everyone has access to a decent, secure and genuinely affordable home.

UNISON welcomes the opportunity to submit evidence to the APPG for Council Housing's inquiry into the current and future demands for council homes. Our submission highlights the crucial role councils play in enabling and providing homes to meet housing demand, and the challenges they face in this role. It calls on the Government or future Government to take action to support council housing and planning departments with adequate grant funding, resources, greater powers and flexibilities to enable them to resume their role as major providers of housing. This will help ensure that councils once again become key players in contributing to bringing forward housing supply to meet growing housing demand, as well as ensure that everyone who needs it can access a decent and affordable council home. Our submission also calls for improvements to the land and planning system to support councils in their provider role.

1. How important is council housing in addressing local/general housing need?

- 1.1 Councils play a crucial role in building and providing decent, secure and genuinely affordable homes for citizens to meet housing need and prevent homelessness. For many, council housing provides them with a safe and secure home for the long-term where they can establish roots and build their lives and stay connected with family, social, education and economic networks. For others, it provides them with an essential foundation, as they embark on their housing journeys, which starts from renting to becoming eventual home-owners to meet their housing aspiration.
- 1.2 Throughout the twentieth century, councils have been at the forefront of improvement in the design and development of new homes – driving up quality, space standards and amenities. Their historic role as major providers of housing was seen as a national responsibility, enshrined in law. There was a clear recognition that housing was central

¹ UNISON (2020) [Housing Manifesto: Safe, Decent and Affordable Homes for All: UNISON's Vision for Housing](#)

² UNISON (2023) [Through the Roof: Housing and the cost-of-living crisis for public service workers](#)

to so many public policy issues, from health and education to the alleviation of poverty and the ability to find employment. The Government subsidy councils received post-war was vital in building millions of new homes to address acute housing shortages and replace slum housing, which benefited millions of people, thereby improving the welfare of communities and their quality of life. The core mission of councils, alongside social housing providers, was to provide a home for everyone, including families and workers, who needed it. It is worth noting that since 1939, the only times the nation has built sufficient homes to meet housing need has been due to mass public sector building programmes led by councils.

- 1.3 However, a critical policy shift took place during the 1980s when the Government sought to effectively reduce the role of councils in building new homes for social rent and encouraged the depletion of council housing stock through a) The Right to Buy policy and b) through the large-scale transfers of council stock to other providers including housing associations. Since the 1980s successive Governments have failed to adequately invest in council housing which has further undermined the role of councils and led to a drastic decline in council housing. Government cuts to social housing grants and the introduction of “affordable housing tenure” (since 2011) has led to a significant drop in the number of new social rent homes built to meet housing need. Meanwhile, 1.2m households are in need of council/social housing; and the numbers of families with children in [temporary accommodation](#) and requiring permanent housing is at a record high.
- 1.4 Councils have struggled to replace the homes they have lost or build more homes to accommodate growing need, as they face significant barriers to house-building. This includes the availability of appropriate Government grant funding, the scarcity and high costs of land, the lack of resources to support council housing and planning departments, and the lack of skilled labour within the construction industry (compounded by Brexit). Councils also face record financial shortfalls, which has further limited their ability to borrow, build new homes and maintain existing homes to a decent standard. All this has led to an acute shortage of housing supply and spiralling housing costs. Starved of resources and policy levers, council housing has become ‘residualised’, seen as ‘an option of last resort’ or the ‘preserve of those unable to get on in life’ rather than its true intention of providing a home for anyone who needs it. The severe shortage of council housing has given rise to strict allocation policies, whereby housing is allocated to the most vulnerable and those in greatest need, which makes it difficult for key workers and citizens on modest incomes to access low-cost council housing.
- 1.5 With their primary role diminished, some councils have focused their efforts on enabling housing development through a variety of ways, including through market-led models of delivery. However, they have had little power to force the promise of new build genuinely affordable council and social homes through planning consent by private developers, who often exploit viability assessments within the National Planning Policy Framework (NPPF) to dramatically reduce the numbers required by a council through Section 106 agreements. Private housing developers have a poor track record of delivering affordable housing, they have never managed to fill the gap left in terms of overall homes needed since the decline of council house-building. It is therefore important that councils are empowered to resume their primary role as major builders and providers of housing, and that publicly owned and managed council housing continues to be an attractive solution for delivering genuinely affordable homes at social rent rates in large numbers, as council house-building is not dictated by profit and responds directly to the local housing need of a community.

1.6 Some councils - including Wakefield Metropolitan and Ashfield District Councils - have become innovative and continue to play a vital and critical role in assessing housing need, influencing and shaping housing markets and directly engaging in delivering new homes to meet housing need, including tackling homelessness and meeting the needs of the older population, as evidenced in our report “**A decent place to live**”³. Some councils have taken the role of lead developer and in some cases lead builder of new homes – and in many cases they have only been able to do this through the creation of housing companies; or they have engaged in housing delivery through using General Funds, taking advantage of HRA (Housing Revenue Account) rules, entering into joint ventures/partnerships with developers to enable them to influence the type of new homes being delivered in local areas, and identifying land for housing use. Others have worked with housing providers to build new homes or bring back into use vacant (empty) or abandoned homes to accommodate people in their local communities in housing need. These efforts are commendable but the numbers of homes being built under various schemes, are not sufficient to address the scale and depth of the housing crisis, due to the lack of Government support and funding for council and social rent housing.

2. What is your experience of stock transfer, PFI, ALMO, SPVs or other alternative mechanisms to build and manage council (or former council) housing?

2.1 UNISON believes that the role of councils in social housing has been further undermined by large scale voluntary transfers of housing stock to different providers, including housing associations and Arms Length Management Organisations (ALMOs). These paved the way for part or full privatisation of council stock management and service provision.

2.2 UNISON members are opposed to stock transfers from councils to other housing providers, including community-based housing associations, as this leads to local government externalisation and the lack of a level playing field of investment choices for tenants. Most residents simply want council landlords to be adequately resourced to provide a quality housing management service and for the Regulator to enforce standards and take action when there has been a breach of standards. Stock transfers often result in higher rents and service charges for tenants and increases in public spending on housing benefit, and can also lead to a downward pressure on pay and conditions, trade union density and recognition of council employed housing workers who are transferred to other housing providers, including housing associations or the private sector. Further, housing associations, including “community-led” housing providers, are increasingly commercialised and lack democratic accountability.

2.3 Stock transfers have not only accelerated the privatisation of council housing stock, but decimated further our national housing resource. As already mentioned, the private sector has failed to deliver the homes we need. UNISON believes that councils are best placed to manage and maintain existing stock as well as deliver new homes.

2.4 UNISON members want to see public housing which remain under council control to be brought back-in-house to prevent further waves of council housing privatisation, and for councils to be given full financial support to effectively deliver their housing management responsibilities. Most tenants support councils taking back control of their homes, as is the case in Bury, where recently tenants voted overwhelmingly for Bury Council to bring back in-house the management of their homes.

³ UNISON/APSE (2021) [A decent place to live: Homes fit for Key Workers](#)

3. What do you think we need to do to secure a new generation of good-quality council homes?

Looking to the future

Councils provide a wide range of essential services, including social care, education, homelessness, planning and housing, which communities depend on. However, they face significant cuts in social housing grants as well as core grant funding. This has reduced the spending power of councils and their ability to maintain the provision of services, at a time when there is a growing demand for these services. Many councils face making significant cut-backs to their services, which will have a severe impact on communities who are already struggling due to the economic effects of the pandemic, inflation and the cost-of-living crisis. With cuts to their core spending, many councils have become reliant on small pots of funding. These are fragmented, and are competitively tendered and bid for, leading to uncertainties in settlements, which means forward planning of services is extremely difficult.

There is an urgent need for the Government to adequately fund councils to enable them to maintain the level and quality of services they provide to communities, especially the vulnerable. Each council service – from social care to housing - should be adequately resourced, so as not to undermine the provision of other services, with lives negatively impacted elsewhere. Within this context, UNISON is calling for councils to be empowered to resume their historic role as major providers of genuinely affordable good-quality council homes for people across income levels. For this to be a reality, councils will need to be supported with adequate funding, resources, powers and flexibilities – as outlined below:

❖ Investment in council homes

UNISON is calling for significant investment for the construction of new council homes at social rent rates at levels last seen in the post-war years to meet growing housing need. Grant funding for a mass public sector-led house-building programme is essential given that councils are already financially overstretched as they tackle decarbonisation, fire safety and building maintenance programmes (to improve the quality of homes), which have depleted their budgets and made it more difficult to build homes without adequate Government support. A major building programme will require a delivery strategy that pulls together the materials, supplies, land and skills needed to get new homes built, which must meet the highest environmental, building, space, quality and safety standards of construction – and high energy efficiency levels to assist the Government in meeting its' climate change objectives.

All councils will need to play their part in contributing to a mass public sector-led house-building programme, and that this long-term shift in policy will give councils the confidence to re-establish the in-house teams that will be essential to delivering it. To this end, UNISON is calling for the barriers and bureaucracy associated with Housing Revenue Accounts (HRA), and the lack of an HRA in around a third of English councils (due to stock transfers to other providers) to be addressed to remove any barriers to delivering new council homes.

Councils are place-shapers and have the drive to deliver homes to meet housing need. They are committed to working with partners to build and provide new homes to meet rising demand and ease the housing crisis. However, cuts in social housing grant funding and reduced rental income (due to national policy such as rent cuts) have hampered their efforts in house-building. Council planning departments are also under-resourced, which reduces their capacity to ensure the delivery of new homes under the National Planning

Policy Framework (NPPF). If councils are to be successful in building at scale to contribute to the delivery of up to 90,000 new social homes at social rents per year, which is what is recommended by the House of Commons LUHC⁴, then councils will need to be supported with upfront capital subsidy as well as adequate resources to re-establish council housing and planning departments, and to re-build skills and capacity, which has been eroded due to austerity and Government cuts. This will enable them to re-create council architectural, design, and engineering teams and modern direct labour organisations – to ensure that they are well resourced to deliver “a new generation of good-quality council homes”.

The need for more investment in council housing is backed by the Labour party and a growing number of MPs and council leaders across the political spectrum, and heads of housing. They recognise that investment in council housing pays for itself over time; and contributes to raising quality standards, building in-house capacity and developing skills and expertise. They also recognise that increased investment in council housing provides a much-needed boost to the construction industry and economy, creates jobs and helps to lower housing costs overall across the housing system. The first wave of council housing built in the mid-20th century has already recouped its construction costs multiple times over via rental income. Research by the LGA also shows that “investment in a new generation of social housing could return £320bn to the nation over 50 years”⁵. Therefore, there is a strong economic case to be made for investing in council and social housing – which does not only result in the creation of public assets, but is also in the interest of taxpayers because it also results in public expenditure in the long term (30 plus years) as the support for housing costs provided to the enlarged social rented sector replaces expenditure that would otherwise be incurred in the private rented sector.

❖ **Improve accessibility to council homes**

UNISON believes that the delivery strategy in building and maintaining council stock should emulate the key principles in Vienna, Austria’s social housing model where public housing is backed by the Government, supported by adequate funding, is seen as a basic human right and is accessible to the majority of its population across income levels.⁶ Achieving this will require a firm long-term commitment of funding by the Government or future Government for the maintenance of existing council homes and the provision of new homes to meet general housing need.

Vienna’s social housing policies are ‘shaped by the political commitment that public housing should be managed in public hands’. The city has avoided privatising its housing stock unlike countries like the UK where council housing stock has been depleted due to the Right to Buy policy and large-scale transfers to private and other providers. In Vienna, not only is housing kept in-house, it is made available to people across all income groups which helps to integrate communities and it also helps to take the stigma out of social housing. Homes are well designed and indistinguishable from private buildings, and surrounded with quality infrastructure such as shops and libraries. This helps to attract people from middle to modest incomes. In Vienna, keeping council housing in-house has also helped to regulate rents and keep them low. UK Governments will do well if they emulate many of the positive elements of Vienna’s social housing model, which will help them provide citizens with good-quality low-cost council homes.

⁴ The House of Commons (July 2023) Levelling Up, Housing and Communities Committee (LUHC) – [Reforms to national planning policy](#)

⁵ LGA (June 2020) [Delivery of council housing – Developing a stimulus package post-pandemic](#)

⁶ Politico (June 2022) [How Vienna took the stigma out of Social Housing](#)

❖ **End the Right to Buy schemes in England**

UNISON believes that the Government must end the continued depletion of the existing council housing stock through the Right to Buy (RTB) and other privatisation initiatives, which continue to be a barrier to council housing investment. The RTB should be scrapped in line with Scotland and Wales. The policy has siphoned resources away into the private housing sector, to fund demand-led subsidies for home-ownership schemes. This is happening despite Government pledges that homes sold under the policy will be replaced on a one-to-one basis, but this isn't happening. According to Local Government Association analysis, just one new council home is built for every five sold under the policy. In England, almost 2 million homes have been sold under the RTB, and as many as 40% of those end up as expensive private rentals. Sales of homes lost through the RTB leads to increased rent losses, which in turn affects the long-term business plans of councils to build and maintain homes.

UNISON believes that public housing must be preserved as a societal resource, providing genuinely affordable homes at social rent rates. Councils should be given greater financial freedoms in directly investing in their stock, and empowered to make decisions on maintaining and investing in stock based on the needs of their local communities. This will ensure that they can adequately house everyone who needs a home, including homeless households and the vulnerable. Further, councils should be allowed to retain 100% of capital receipts to enable them to make their own decisions about how they are deployed and whether they are invested in the existing stock, acquiring homes or building new ones to address housing need.

❖ **Overhaul Regeneration Schemes to meet local housing needs**

Much of England's housing stock is old and in disrepair and needs refurbishment and upgrades in energy efficiency. This often calls for some whole estates to undergo large-scale regeneration to restore or replace stock that is in a state of disrepair. While some regeneration schemes have resulted in improved homes, there are also some schemes which have not been well funded, have been exploited by private developers and have led to a net [loss of social homes](#) which are detriments to local communities. A key demand UNISON makes in our housing manifesto is for the Government to provide adequate funding for regeneration schemes. There is also a need for stronger guidance on such schemes to ensure that they do not lead to a loss of council/social homes for local residents/the low paid or social cleansing. Where regeneration schemes involve the demolition and replacement of existing homes, residents should be offered a home on the new site on the same terms. Councils should also engage in a consultative process with tenants and ensure that regeneration schemes are conditional on a "positive tenants' ballot" before a scheme can proceed. Tenants should also be fully involved in the overall design and decisions of their home; and that such schemes should lead to better, improved good quality energy efficiency homes, that will reduce energy bills, and benefit local residents.

❖ **Reform the planning and land system**

The current planning system is not fit for purpose to deliver the homes we need. The Levelling Up and Regeneration Bill seeks to address this issue and improve the planning system by replacing Section 106 planning agreements with a new flat rate Infrastructure Levy. Currently, Section 106 is the main way of funding social rented and affordable housing through developer contributions, but this is failing to deliver sufficient numbers of homes needed to meet growing demand for genuinely affordable housing, because house-building is more directed towards private profit than meeting public need. The proposed

Infrastructure Levy will not change this. There are also concerns by housing organisations and the Local Government Association (LGA) that the proposed Infrastructure Levy will be more complex, difficult and expensive to administer for local councils and could lead to fewer homes being built than under the current Section 106 regime.

UNISON supports calls by Shelter that *“the Infrastructure Levy needs to focus on ensuring the delivery of social housing, alongside the infrastructure needed, if it is to truly deliver for communities. The Levy must aim to deliver more social housing than the current system and this can be done by making social housing delivery an onsite requirement of any new development.”*⁷

UNISON is also calling for land reform as the high cost of land continues to be a barrier to housing development. Research by the New Economics Foundation (NEF)⁸ found a direct correlation between land prices and affordability. It found that in areas where land prices were high average rents swallowed up to three quarters of ordinary households’ pre-tax income; they compared this to areas with low land prices where average rents were at 20% of pre-tax income. The same report also found that in areas with the top 10% of councils in terms of land values this accounted for 73% of households in temporary accommodation. Land values is, therefore, a significant contributor to house price and rent affordability, with pockets of the UK simply unaffordable to renters and to those wishing to buy a home.

The land price driven market means that it is controlled by speculators who can hold on to the land until it reaches a price they desire, with few powers for councils to intervene or force through the building of homes. A recommendation from the NEF is that a way of controlling land prices and increasing the supply of land for house-building is to ensure that instead of public bodies selling off land, at the maximum possible price that can be achieved (which they are otherwise obliged to do should they choose to sell land) the land should be used for house-building to generate a public sector land bank. This can be ring-fenced and developed quickly and at scale into new council/social homes at social rent.

The LGA has also warned that over 1 million dwellings have planning permission but are not being built. It recommends new legislation to enable councils to charge developers the full rate of council tax on unbuilt homes when planning permission expires⁹. This would discourage developers from holding on to land without taking forward the promised new developments.

❖ **Redefine Housing Affordability and link this to household incomes**

Housing affordability across the social and private housing systems affects people of all ages, but in particular the young, single adults (men and women), single parents and public service workers on modest incomes, as our report, **‘Through the Roof’** showed.¹⁰ Rents across both the social and private rented sectors have been rising. With wages stagnating and a benefit freeze still in place, housing is now the largest single demand on incomes, and is putting a major squeeze on household budgets.

UNISON believes that everyone has a human right to adequate housing, which is comfortable, decent, in good condition and is available to rent or buy without leaving

⁷ Shelter (2022) [Levelling Up and Regeneration Bill – 2nd Reading](#)

⁸ New Economics Foundation (2018) ‘What lies beneath: How to fix the broken land system at the heart of our housing crisis’

⁹ LGA (2021) [Over 1 million homes not being built](#)

¹⁰ UNISON/LRD (2023) ‘Through the Roof’- Housing and the cost-of-living crisis for public service workers

households unable to afford other basic needs of their family, such as food, clothing, heating, transport and meeting the needs of their children.

However, the UK Government has defined “affordable” as rents or purchase costs that are lower than in the open market in the [National Planning Policy Framework](#) (NPPF). This has no correlation to household incomes. This broad definition is used to cover different types of housing, including social rent, intermediate rent, shared ownership homes for sale and the so called ‘affordable rent’ which can be up to 80% of the market rent – of these social housing is the cheapest housing tenure – it is calculated on a formula that takes into account local incomes and property values, which is much cheaper than ‘affordable rent’.

The use of the broad definition of affordable housing has meant that some housing developers have been able to satisfy planning requirements without providing any homes for social rent. It has also allowed the Government to give the false impression it is assisting those with the greatest housing need when in practice public investment is simply not reaching that section of the community. The Government’s own data provides evidence that [only four in every 100 homes](#) funded through the Government’s Affordable Housing Programme (AHP) since 2016 were for social rent.

The affordable housing policy is a key contributor to rising rents in the social housing sector. This has led to increasing numbers of key workers such as cleaners, caterers, social workers and teaching assistants on modest incomes priced out of certain areas. Key workers are the backbone of our economy, and if they cannot afford to live near the places where they work, then this can have implications on public service delivery which communities depend on. There’s growing evidence to suggest that essential public services are already being affected by high costs of housing, as highlighted in our report, **‘Through the Roof’**. This revealed that increasing numbers of our members, who are public service workers, cannot afford to live near their places of work and are considering moving elsewhere to live and work because of the high costs of housing. The report warned that rising costs are to blame for public service employers struggling to recruit and retain staff, which in turn has implications for service delivery. High housing costs leads to benefit dependency and social exclusion creating ‘exported costs’ to other Government budgets such as health, education and policy.

Social rent is the only housing tenure that is truly affordable and more of these homes should be built to house growing numbers of people in housing need/on housing waiting lists. UNISON would welcome a new definition of affordable housing that is linked to household income. This proposed definition – advocated by the Affordable Housing Commission¹¹ - suggests that when rents or purchase costs exceed a third of household income for those in work, then housing costs can lead to financial difficulties, debts and personal problems. Therefore, council and other affordable housing should reflect the fact that not more than one third of income should be absorbed by housing costs.

UNISON would also like to see a commitment by the Government or a future Government to re-balance the Affordable Housing Programme (which prioritises funding for housing development projects) in favour of social rent – this will help ensure that there is sufficient good-quality council homes that can be accessed by people on modest incomes.

¹¹ Affordable Housing Commission (2019) Defining and measuring housing affordability – as an alternative

❖ Broaden the definition of “Key workers”

The Government’s definition of “key workers” (as set out in the NPPF) is arbitrary, restrictive and narrowly defined. It only refers to roles such as teachers and nurses and other healthcare staff, reflecting the Government’s lack of commitment to affordable housing for key workers. Key worker ‘affordable housing’ schemes are mainly provided by social housing providers such as housing associations. These schemes are failing to help key workers – across all income levels and occupations - as many fall outside of the defined categories of teachers, social workers, police officers and so on, but equally they are unable to access social homes at social rent rates due to the lack of supply and strict eligibility criteria – and their earnings are too low to access suitable housing in the private housing sector due to the rising costs of private renting and home-ownership products. Often key worker housing such as shared ownership / shared equity schemes are ‘stepped housing or rent-to-buy schemes’. These are priced marginally below the open market price (up to 80% of the market rate) and are therefore expensive and beyond the reach of many.

UNISON is calling for a broader definition of “key workers” so that it is reflective of all key workers across incomes and occupation groups, and for the definition of affordable housing to be changed to ensure that it reflects local incomes and not market prices, ensuring that key workers and all citizens have access to a home they can afford to buy or rent.

Conclusion

Local councils face significant barriers and financial constraints in house-building and in maintaining and providing homes to meet growing demand to ease the housing crisis. Poor investment in housing leads to poor supply and pushes up housing costs for citizens, as is happening across the country where rents and house prices have sky-rocketed, pricing people out of a decent affordable home. High housing costs leads to ‘exported costs’ to other Government budgets such as health policy. There are therefore good grounds for making a strong case that sufficient good, quality truly affordable council housing in the right places that is accessible and available to people across income groups, is in fact a key cost-saving element of infrastructure for the efficient working of the economy. For this to be achieved, the Government needs to rethink its housing strategy, and re-prioritise its spending commitments and make a long-term commitment to significantly invest in existing and new quality council homes.

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