

PART 3

Confidential Filing

Housing Policy
Housing Bill

HOUSING

Part 1: May 1979

Part 3: Oct 1981

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Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
2-11-81							
25-11-81							
16-12-81							
30-12-81							
1-8-1-82							
2-2-82							
17-7-82							
14-7-82							
15-11-82							
2-12-82							
7-12-82							
8-12-82							
ends-							

PREM 19/794

● PART 3 ends:-

Dec 1982

PART 4 begins:-

Jan 1983

PRIME MINISTER

H Committee: Second Homes

H Committee discussed (minutes attached) the question of whether planning restrictions could be used by the Lake District authorities to prevent the development of second homes. Mr. Heseltine wished to disapprove the relevant provisions. The Solicitor General said that while the present proposals were not legally acceptable, some form of restriction was possible and so was an experiment along these lines in the Lake District. The Secretary of State for Wales, however, was strongly against the use of planning powers in this way which had obvious implications for Wales. The Home Secretary and Chief Whip, with their constituency interests, pointed to the sensitivity of the second home issue in the Lake District. The Committee concluded that in general terms planning restrictions should not be used to restrict second homes but that, if a legally acceptable experimental scheme could be devised, it might be introduced. If it could not, the proposals should be rejected.

8 December, 1982

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[Signature]

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Housing

PRIME MINISTER

H COMMITTEE: SECOND HOMES

Attached is a note by the Secretary of State for the Environment setting out a rather difficult planning issue. The Lake District Planning Authorities wish to restrict planning permission for new homes to those employed or living locally; their proposal is supported at least on a trial basis by the Home Secretary and Chief Whip both of whom, of course, have constituency interests. Mr Heseltine concludes that the proposal is an illegal extension of planning powers and would be extremely difficult to contain to one area. He proposes that it should not be allowed.

The legal point
must be sorted out by
the Ad

TF.

2 December, 1982

mt

LPO



House

10 DOWNING STREET

From the Private Secretary

15 November 1982

COUNCIL HOUSE RENTS IN SCOTLAND

The Prime Minister was grateful for your Secretary of State's minute of 11 November.

Mrs. Thatcher endorses Mr. Younger's approach in this matter.

I am sending copies of this letter to John Kerr (H.M. Treasury), John Gieve (Chief Secretary's Office, H.M. Treasury), David Edmonds (Department of the Environment), Adam Peat (Welsh Office), John Lyon (Northern Ireland Office) and Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

Muir Russell, Esq.,
Scottish Office.

ls



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

PRIME MINISTER

COUNCIL HOUSE RENTS IN SCOTLAND

Prime Minister ①

Content that Scottish local
authority Council House Rents should
rise by £1.20 a week?

When Cabinet on 2 November approved Michael Heseltine's figure of 85p per week as the average increase next year for council house rents in England, I indicated that we should have to look separately at the position in Scotland.

MUS 12/11

My problem is that Scottish local authorities, in spite of all our efforts since 1979, have been very slow to increase their rents to realistic levels. The Scottish average standard rent is now £9 per week against the English figure of about £13.50 per week, and the differential between Scotland and England has actually increased in every year since 1979 (though the earnings differential between Scotland and England has disappeared).

If I were to follow Michael in applying a 6% increase now, that would have the effect of raising the Scottish average to £9.54, thus widening still further the differential below the new English level of £14.35. And the consequences within my PES figures for capital expenditure on housing in Scotland would be very unfortunate.

After consulting my colleagues here, and after a good deal of thought, I have come to the view that I ought to go boldly for a higher rent increase than Michael. The figure I propose is £1.20 a week. This is liable to be criticised as cutting across our anti-inflation policy. I believe it will be possible to rebut this on the grounds that the impact of my proposal on the RPI, which is compiled on a Great Britain basis, will be an increase of no more than about 0.05%.

As regards the general impact in Scotland, I shall be drawing attention to the quite unreasonable attitude so far of Scottish local authorities. The figure of £1.20 can be presented as less than the increase actually delivered by local authorities this year (£1.25). It also has the advantage - which lower figures do not - of enabling me to operate again the special arrangements I have had in the last 2 years for putting pressure on Scottish local authorities to reduce the burdens they put on the ratepayers through excessive rate fund contributions to their housing revenue accounts. It will also enable me - as lower figures hardly do - to produce within my PES resources an outcome on the capital side which shows recognition of the problems of the construction industry.

In order to isolate Scottish local authorities, I shall arrange that the rent increases for the Scottish Special Housing Association and Scottish New Towns will not exceed 85p.

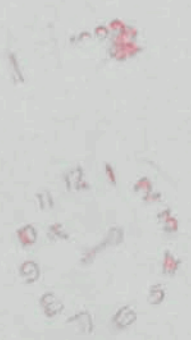
The figure of £1.20 is, of course, a national average and certain individual authorities (including some of our supporters) will not need to go for such a figure - as I shall make clear. Declaring £1.20 will have the advantage of making clear where our national priorities lie; but it will be open to any local authority to decide on its assessment of the evidence for its area, if it wants, to adopt a line different from what we believe right.

Because of the very low level of Scottish rents now, I do not believe my increase figure of £1.20 will embarrass colleagues. But I thought you would wish to know how, subject to your views, I would like to proceed.

I am sending copies of this minute to Geoffrey Howe, Leon Brittan, Michael Heseltine, Nick Edwards and Jim Prior; and to Sir Robert Armstrong.

G.Y.

G.Y.





FILE SW

10 DOWNING STREET

From the Principal Private Secretary

12 July, 1982

The Prime Minister has asked me to thank your Minister for his letter of 7 July 1982, with which he sent a complete set of the booklets describing progress in implementing the Government's low-cost home-ownership programme which have been produced by your Department's Regional Offices.

I am copying this letter to Keith Long (Office of the Chancellor of the Duchy of Lancaster).

C A. WHITMORE

John Henry, Esq.,
Department of the Environment



DEPARTMENT OF THE ENVIRONMENT

2 MARSHAM STREET

LONDON SW1P 3EB

01-212 7601

MINISTER FOR HOUSING AND CONSTRUCTION

4.
Prime Minister
to
Pmi

7th July 1982

Dear Prime Minister. *ms*

Following our discussion on publicity for our Housing policy in the Liaison Committee, I thought you would want to know of a further initiative I have taken aimed at the Regional Media.

To generate local interest stories in the local press, radio and TV, each of the Department's Regional Offices has now produced a booklet describing progress by individual local authorities in its Region with implementing the Government's low-cost home-ownership programme - building for sale, improvement for sale, home-steading and shared ownership.

All the regional media, and every local authority have been sent the booklet relevant to their region and there have already been some encouraging responses from the media.

I am enclosing the complete set of booklets as you may be interested in the London one in which Barnet features prominently, and the others may be useful for reference when you are on regional tours.

I am copying this letter and a set of all the booklets to Cecil Parkinson.

Your ever.
John Stanley

JOHN STANLEY

Rt Hon Margaret Thatcher MP

in attached folder



DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET
LONDON SW1P 3EB
01-212 7601

MINISTER FOR HOUSING AND CONSTRUCTION

30 March 1982

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street

Prime Minister of *Mr Ingham*
Mr Gov

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MS

Wm
3/3

Dear Prime Minister.

I have looked into the point which you raised at our meeting last Wednesday about whether home improvement grants could be paid in such a way that the applicant would not have to finance the work from his own resources while it was in progress.

I am glad to say that this is possible under present legislation. The Housing Act 1974 gave local authorities power to pay instalments as the work progressed up to a maximum of half the total grant approved. In our 1980 Housing Act, we amended this to provide that instalments may be paid at the rate at which grant is approved - so if an applicant is getting a 90% grant, the local authority can pay 90% of any stage payment which he has to make to the builders.

If an applicant wishes, he can even ask the local authority to make payments directly to his builder: special standard forms of contract for this purpose have been issued by the Joint Contracts Tribunal.

These arrangements are open to any grant applicant, not only those on low incomes. We drew local authorities' attention to the arrangements in 1980 but in the light of our discussion, I shall make sure that we do so again when we write to them in April about the grant changes announced in the Budget.

I am copying this letter to Francis Pym, Leon Brittan and to Cecil Parkinson.

Yours etc.
John Stanley

JOHN STANLEY



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31 MAR 1982

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Housing

THE PRESENTATION OF HOUSING POLICY

Part I Government Policy, Public Perceptions, and Presentation

Government Policy

Our housing policies have benefited a substantial proportion of the electorate in a very material way. 6 million public tenants have obtained new and valuable legal rights under our Tenants Charter, and by the end of this Parliament, at least half a million tenants (or one million if wives are included) will have become home-owners entirely because of the right to buy and the Government's other low-cost home-ownership schemes. In housing we shall have brought tangible benefits to a very large number of the electorate.

Since the election the emphasis in housing policy has moved from the indiscriminate drive to build more new homes regardless of quality or acceptability to potential occupants, to an effort to make better use of the existing housing stock. At the same time the Government has embarked on an ambitious programme of extending home-ownership both through the sale of council houses and other low cost home ownership initiatives, and the liberation of public sector tenants through the tenants charter and the tenants exchange scheme.

Because of the failure of the Labour Government to implement its stated policy objective of increasing council house rents in line with earnings it has been necessary to increase rents by considerable amounts since the election, but it must be stated constantly that half of all council tenants receive

substantial help with their rent through supplementary benefit and rent rebates .

On the other hand, families who have entered home ownership for the first time in the last few years will have had to make sacrifices to meet the consequences of high interest rates. The recent reduction in mortgage rates will begin to make them feel those sacrifices were worthwhile, and in the long term they will enjoy the benefits of home ownership.

Public Perceptions

A recent survey * showed that the public's understanding of housing policy could be better. Most people, and a large proportion of council tenants, believe the Government is doing everything it can to ensure that council tenants who wish to buy their houses are able to do so. Fewer people think that the Government is doing enough to help first time home buyers who are not council tenants to buy their own homes. Most people disagreed with the statement 'it has been suggested that the Government is interested only in owner occupiers and has done nothing for council tenants'. A majority of people do not understand why council house rents had to be increased, although a small percentage of people think rents have not been increased enough. There is still considerable support for new building for rent. There is consistently high support among people of all parties for the proposition that the Government should make more money available for house improvement rather than new building.

* Gallup survey, conducted between the 10th and 13th April 1982.

The Presentational Approach

In housing, the major presentational need is not so much to get over the argument for Government policies, but to get over the benefits that the policies are already bringing to millions of families.

Few outside the Labour Party and the public housing lobby will deny the strength of the social case for selling council - certainly not council tenants themselves. Even fewer will deny the value of the Government's other low-cost home-ownership initiatives, and of measures to encourage the private rented sector. The Tenants' Charter, The Tenants Exchange scheme to facilitate mobility and initiatives on hostels and home improvements are being welcomed widely. About half the council tenants who do not choose to buy will receive help with their rent.

The key points to highlight are as follows:

- (a) The sale of council houses has brought home-ownership to thousands of council tenant families for whom otherwise it would have been impossible. By the end of 1981 nearly $\frac{1}{4}$ million council dwellings had been sold under the present Government and nearly $\frac{1}{2}$ million were still in the pipeline, of which well over half are likely to go through to completion.
- (b) We are not bringing home-ownership just to council tenants. Our other low-cost home ownership schemes (building for sale, improvement for sale, homesteading, and shared ownership) represent the most far reaching and comprehensive widening of home-ownership opportunities of any post-war Government. Two-thirds of all local authorities in England are now undertaking one or more

of the low-cost home-ownership schemes.

- (c) No other country has developed shared-ownership on the lines now available in Britain whereby people can buy a part stake in the equity of a house or flat with the contractual right to buy the balance of the equity later - in several stages if need be. This brings home-ownership well within the capacity of those with below average incomes. Shared ownership purchases are being made now of as little as 25% of the equity initially.
- (d) We have not ignored those who can only afford to rent - far from it.
- (e) In the public sector, our Tenants Charter gives all council, new town and housing association tenants far and away the most important extension of their legal rights this century - security of tenure, the right to improve, access to improvement grants on the same basis as owner-occupiers, the right to take in lodgers, the right to sublet, the right to be consulted by the local authority.
- (f) We have also made much the most important advances post-war in helping public tenants who want to move - with the launching of the National Mobility Scheme in April 1981, and with the Tenants Exchange Scheme which started on 1 April this year. The National Mobility Scheme

releases a minimum of 1% of each local authority's lettings to people from outside its area, and the Tenants Exchange Scheme provides the first national computerised information system about the exchange requirements all public sector tenants.

- (g) In the private rented sector we have made it possible for the first time for more than 15 years to let a house or flat short-term with the certainty of being able to get it back - by introducing shorthold. We have made it possible through introducing assured tenancies to carry out new building for rent, free from rent control. We have made it much easier for home-owners to let their spare rooms, and for owners of retirement homes and for home-owners going abroad to let their house for a short period with a guaranteed right of repossession.
- (h) We have extended rent allowances to a number of low income families who were previously excluded from them - e.g. certain hostel dwellers and those sharing accommodation.
- (i) Hostel accommodation, where there is the greatest single concentration of housing need, has been the subject of major improvements in legislation (in the 1980 Housing Act) and of a significant increase in expenditure. In 1982-83 there will be approximately three times as many hostel bedspaces approved as in the last year of the previous Government.

- (j) The home improvement grant system has been radically overhauled, and made usable for the first time by those with very little capital of their own. Improvement grants can now be paid to the low-income elderly and to the disabled at the rate of 90% of the cost of the work, and the same groups can now get a 90% rate of grant for home insulation. The 90% rate of grant has been extended to other groups in the Chancellor's recent Budget for grant applications received by 31 December 1982 and an additional £100 million has been made available for home improvement in 1982-83.
- (k) Through our Priority Estates Project we are making a concerted, intensive, and long over-due, effort to help authorities tackle the immense problem of difficult to let and vandalised council estates, covering, on local authorities own estimates, $\frac{1}{4}$ million dwellings (or more than $\frac{1}{2}$ million electors). The Priority Estates Project is demonstrating on the ground how three difficult to let estates in Bolton, Brixton and Hackney can be made more acceptable to tenants.

The appendix sets out the detailed factual record of the Government's housing measures.

PART II Fallacies versus facts

1. Housebuilding

Fallacy

The present Government is responsible for a collapse in the housebuilding programme.

Fact

Under the Labour Government public sector starts went down every single year from 1975 onwards; public expenditure on housing capital was nearly halved; and in their last year (1979) public starts were then the lowest in the post-war period. Whilst the decline in public sector housebuilding has continued under the present Government, local authorities have substantially underspent the Government provision for housing capital expenditure in 1981-2, and the reduction in public sector starts is being offset by an increase in private sector starts which in 1981 were 20% up on 1980.

2. Home ownership

Fallacy

Not enough is being done for first time buyers who aren't council tenants with the right to buy.

Fact

The Government has the most extensive range of schemes for helping first-time home-owners of any post-war Government. In addition to the Right to Buy, these comprise

- (a) the building of starter homes for sale by private housebuilders in partnership with local authorities.
- (b) the new improvement for sale scheme.
- (c) the homesteading scheme - the sale of vacant dilapidated houses for improvement by the purchaser.
- (d) shared ownership - part-owning and part-renting - which can now be provided as an alternative to outright ownership by councils, new towns and housing associations.

- (e) the mortgage guarantee scheme, under which local authorities can now act as guarantors of building society mortgages.
- (f) the general consent given to all local councils to sell vacant council houses and flats at 30% discounts to any first-time buyer.

Two-thirds of all local councils are now undertaking one or more of the Government low-cost home-ownership initiatives.

First-time buyers are also being helped by the fact that the ratio between earnings and house prices (as at the beginning of 1982) was more favourable than at any time under the last Labour Government.

3. The sale of council

houses

Fallacy

The sale of the century has not taken off.

Fallacy

The Government has not done enough to help tenants who face obstruction by Labour Councils.

Fact

Nearly $\frac{1}{4}$ million council dwellings were sold between May 1979 and December 1981, and the lion's share of nearly $\frac{1}{2}$ million right to buy applications will be coming through to completion in 1982.

Fact

Intervention has already taken place successfully in Norwich. Intervention has not occurred on a larger scale because Labour Councils almost without exception have submitted to continuous pressure from the Government to accel

A large number of councils rate of progress is being monitored monthly.

Every single complaint of delay from council tenants is pursued by the Department of the Environment with the council concerned.

The Minister of Housing has urged any tenant in England whose application is still being held up to write to him with details.

Fallacy

The Government isn't helping council tenants who can't buy because their house is on leasehold land.

Fact

In reply to a Parliamentary Question on 11 February the Prime Minister said, "I am well aware that our pledge at the general election covered those living in leasehold properties belonging to local authorities who wish to buy their homes, but where the local authority does not possess the freehold. Our last legislation did not cover that case. It should be covered. It is our intention to cover it. We have a high priority to do so. I cannot promise my hon. Friend that there will be legislation during this Session of Parliament. However, if not, we shall try in the next Session."

3. Council Rents

Fallacy

The Government is increasing rents to unjustifiable levels.

Fact

The Labour Government, while accepting the principle that rents should rise in line with money-incomes, failed to ensure that rents did so. Consequently the share of average earnings taken by rents dropped under Labour from 8% to 6.3% and the subsidy burden on taxpayers and ratepayers was increased enormously. It is only reasonable that council rents are brought back to a more sensible relationship to earnings, particularly when about 50% of all tenants get the majority or the whole of any rent increase paid for them through either supplementary benefit or rent rebates.

Fallacy

The Government is interested only in owner-occupiers and has done nothing for tenants.

Fact

Council tenants now have a Tenants Charter which gives them:

- (a) security of tenure
- (b) the right of succession to the tenancy for a widow, widower or resident relative
- (c) the right to sublet
- (d) the right to take in lodgers
- (e) the right to make improvement
- (f) rights to consultation

The Government has also introduced the Tenants Exchange Scheme, a computer based scheme which will enable public sector tenants to exchange houses with other tenants in different parts of the country.

4. Empty DwellingsFallacy

The Government is responsible for the considerable number of empty dwellings in the public and private sectors.

Fact

The responsibility lies squarely with Labour Councils and Labour policies. In the public sector the heaviest concentrations of empty council dwellings are in Labour authorities, frequently because of irresponsible large-scale municipalisation programmes carried out under the last Government.

The present Government has given councils the most extensive encouragement and incentives to get empty dwellings back into use by:

- (a) encouraging homesteading
- (b) bringing in the improvement for sale scheme
- (c) allowing councils to sell empty dwellings at 30% discounts

- (d) allowing councils to use both their housing and non-housing capital receipts to increase their housing expenditure, for example on improving their empty dwellings.

Too many Labour Councils have chosen to keep dwellings empty rather than selling them.

In the private sector the Government has introduced shorthold to help bring privately owned empty dwellings back into use through lettings for between 1 and 5 years. By their commitment to repeal shorthold the Labour Party is directly responsible for impeding the take-up of shorthold and for dwellings in the private sector being kept empty unnecessarily.

5. Public expenditure on Housing

Fallacy

The public expenditure cuts have fallen disproportionately on housing.

Fact

Housing is an area where there is a genuine private sector alternative to public expenditure. Low-cost home-ownership is a feasible and a more satisfactory housing option for many of those who are already in rented accommodation or on waiting lists. The Building Societies can and are replacing much of the public expenditure on local authority mortgages with private sector mortgages - again perfectly satisfactorily.

Even so -

- (a) the Government's gross provision for local authority's housing capital expenditure in 1982-83 (i.e. allocations plus receipts) will be 6% higher in real terms than that for 1981-82.

- (b) the Chancellor in his Budget announced £100 million of additional expenditure on home improvement and home insulation for 1982-83
- (c) the new capital receipt rules which the Government introduced from 1 April 1981 give individual councils very great scope for adding to their capital expenditure on housing if they wish from the receipts from sales of council houses, sales of council land and repayments of principal on local authority mortgages.

Labour MPs and Labour Councillors who complain about housing cuts often represent areas where the local authority is not spending its full entitlement on housing. (The latest authority by authority figures for 1981-2 on housing expenditure in relation to allocation plus receipts are in Hansard, Written Answers, 1 April 1982, Cols. 178-194).

A SUMMARY OF HOUSING MEASURES SINCE MAY 1979
(Updated to March 1982)

This brief is designed to provide a summary of the key provisions of the Housing Act 1980 together with other measures the Government has taken in the Housing field since May 1979.

This brief is arranged as follows:-

The Government's low-cost home-ownership programme	paragraphs 1-7
Other measures to assist home-ownership	paragraphs 8-12
The Tenants Charter	paragraphs 13-14
The Priority Estates Project	paragraph 15
Shorthold	paragraph 16
Assured Tenancies	paragraph 17
Other Rent Act changes	paragraph 18
Service charges	paragraphs 19-21
Leasehold reform	paragraph-22
Improvement and repair	paragraphs 23-26
Home Insulation	paragraphs 27-29
Rent rebates and rent allowances	paragraphs 30-31
Housing Associations	paragraphs 32-34
Hostels	paragraph 35
The Elderly	paragraph 36-42
The Disabled	paragraphs 43-45
Servicemen	paragraph 46
Mobility	paragraphs 47-50
Reform of local authority housing finance	paragraph 51
1980 Housing Act booklets	paragraph 52
Housing Films	paragraph 53

THE GOVERNMENT'S LOW-COST HOME OWNERSHIP PROGRAMME

The Government is implementing a comprehensive and far reaching 7 point low-cost home-ownership programme as follows:-

1. The sale of council houses and flats

Council tenants, new town tenants and the tenants of non-charitable housing associations have been given the right to buy their houses or flats, and the right to a mortgage from their landlord or, in the case of housing associations, from the Housing Corporation.

If tenants are not able to afford to buy outright, they will, on payment of £100, have the right to a two year option to buy at the original price.

If they are still unable to buy at the end of the two-year option period, local authorities, new towns and non-charitable housing associations will be able to sell them their house or flat on a shared-ownership (part-owning and part-renting) basis - again at the original price.

The tenants of charitable housing associations do not have the right to buy, but these associations have been empowered to sell to their tenants voluntarily.

Co-ownership societies have also been given the power to sell to their members.

All local authorities (including county councils) have been given wider powers to sell houses and flats voluntarily. The general consents issued on 2 June 1981 enabled authorities:-

- a. to sell dwellings at a discount of up to 30% to sitting tenants who have not completed the 3 year right to buy qualifying period;
- b. to sell dwellings at right to buy discounts to sitting tenants who are excluded from the right to buy;

- c. to sell empty dwellings at discounts of up to 30% to any first-time buyer; to anyone with a firm offer of regular employment in the area; and to anyone having to leave tied accommodation, Armed forces married quarters, or a dwelling subject to slum clearance or redevelopment..

Since the Government was elected local authorities and new towns in Great Britain had completed the sale of almost $\frac{1}{4}$ million dwellings^{tc} up/ 31 December 1981. In addition at 31 December 1981 nearly $\frac{1}{2}$ million tenants in Great Britain had applied to buy their homes under the right to buy.

2. The sale of land for starter homes

To encourage the release of publicly owned land for starter homes schemes, authorities have been able since 1 April 1981 to increase their individual Housing Investment Programme (HIP) allocations by the full amount of their receipts from land sales. In addition, as from 1 April 1981 housing subsidy will be withdrawn from local authority housing land that is kept vacant and not developed within 3 years from 8 August 1980 or from the date of purchase if later.

Between April 1980 and September 1981 a total of 1210 acres of land was sold to private housebuilders in England by local authorities.

3. Building for sale

Maximum encouragement is being given to partnership schemes between local authorities and private housebuilders whereby building for sale is carried out under licence on local authorities' own land. A total of 113 out of the 367 authorities in England are undertaking such schemes.

4. Improvement for sale

Under the 1980 Housing Act, powers have been taken to make a central Government grant available to both local authorities and housing associations who improve run-down dwellings for sale. The grant is paid on any difference, up to a maximum of £7,500 per dwelling

(£10,000 in Greater London), between the cost of providing the improved the dwelling and its sale value after improvement. Experience so far suggests that this provides exceptional housing value for a relatively small amount of public expenditure. 80 local authorities are undertaking Improvement for Sale schemes and 51 housing associations also have had schemes approved.

5. Sale of unimproved homes (Homesteading)

Homesteading provides the lowest-cost route into home ownership of all. Pioneered by the GLC, sales of unimproved dwellings for homesteading have now been made by Skelmersdale New Town, and a number of local councils such as Corby, Newcastle, Peterborough and Portsmouth. 85 authorities are now undertaking home-steading schemes in the current year.

To encourage homesteading, powers have been taken whereby the Secretary of State can give an authority consent to waive the interest payments on the mortgages it grants for homesteading for up to 5 years. Such consents have been given to the GLC, the London Boroughs of Barnet, Ealing, Havering and Wandsworth, and the District Councils of Blackpool, Kingswood, South Lakeland, Tunbridge Wells and West Somerset.

6. Shared-ownership (part-owning and part-renting)

To bring home-ownership within reach of more people, local authorities, new towns and housing associations have been empowered to offer shared-ownership as an alternative to outright ownership in all the circumstances where they may be selling a dwelling - including sales of council houses, building for sale, improvement for sale and homesteading.

On 15 October 1980 comprehensive guidance was issued to each local authority and new town corporation on shared-ownership, including a Shared Ownership Model Scheme. Model clauses for inclusion in shared ownership leases have been agreed with the Building Societies Association to enable private sector mortgages to be provided for shared ownership purchasers and these were circulated to all authorities

on 6 February 1981. Guidance for housing associations has been issued by the Housing Corporation.

In February 1982 the Department issued a new booklet "Shared Ownership : how to become a home owner in stages". This is available free from local authorities and other public sector landlords and explains shared ownership in Question and Answer form. 37 authorities are undertaking shared ownership schemes.

7. Guarantees for Building Society Mortgages

To help make Building Society mortgages available to those buying the cheapest, and often therefore the most run-down dwellings, local authorities and the Housing Corporation were given a new power under the 1980 Housing Act to guarantee Building Society mortgages. Model forms of agreement were published in March 1981 (Circular 5/81). A number of authorities are now making use of these powers.

OTHER MEASURES TO ASSIST HOME-OWNERSHIP

8. The exemption ceiling for stamp duty that stood at £15,000 in May 1979 has now been raised again to £25,000 in the March 1982 Budget.

9. The ceiling for local authority mortgage advances has been raised from £13,000 (£15,000 in Greater London) to £25,000 in Greater London or elsewhere.

10. First payments under the Homeloan scheme were made in December 1980 and some 5,000 families have benefitted up to 31 January 1982. Prospective purchasers, who have saved under the scheme for at least two years and who buy a house within the regional price limits set by the Government, will qualify for:-

- a. a loan of £600, free of repayments of interest and capital for up to five years, and
- b. a tax free cash bonus of up to £110.

11. The Housing Act has made it easier for housebuyers to switch between option mortgages and tax relief mortgages. The house

valuation limit under the option mortgage guarantee scheme has been raised from £14,000 to £20,000.

12. The Building Societies have agreed to continue the Support Lending Scheme in 1982/83, and have earmarked £350M for this. From December 1981, the priority categories of borrower, under the Scheme have been extended to include council, new town, and housing association tenants who are buying their homes, and purchasers of homes under the Improvement for Sale scheme.

THE TENANTS' CHARTER

13. In the Housing Act the Government introduced the first statutory charter of rights for tenants of local authorities, new towns and housing associations. The main rights are:-

- a. the right to buy;
- b. security of tenure, subject to the ability of the landlord to obtain repossession for certain specific reasons;
- c. the right of a widow, widower, or a resident member of the family to succeed to the tenancy;
- d. the right to take in lodgers;
- e. the right to sublet;
- f. the right to improve;
- g. the right to information about tenants' rights and obligations;
- h. the right to be consulted about matters affecting the tenancy.

14. To encourage tenants to take more direct responsibility for managing their own estates, powers were renewed in the 1980 Housing Act for the Secretary of State to approve agreements between local authorities and tenants' management co-operatives who are willing to take over the day to day management responsibility for their estates. 10 management co-operatives have so far been approved under the 1980 Act.

THE PRIORITY ESTATES PROJECT

15. The Government has launched, and is financing, a radical and

intensive drive to help local authorities tackle the serious problem of 'difficult to let' council estates, that now include, on authorities' own estimates, some 250,000 dwellings. It is doing this through its Priority Estates Project (PEP). Under this project, 3 actual difficult to let estates are being systematically upgraded—in Bolton, Hackney and Tulse Hill (Lambeth). In addition, the three independent consultants who are managing this project, and who are each tackling one of these estates themselves, are also providing an invaluable source of advice and practical experience to several local authorities with difficult to let problems. An interim report on the progress of PEP was published in 1981 and circulated to all local authorities. A film to demonstrate the various ways in which the difficult to let problem can be overcome is in the process of being produced by the Department and will be launched in June.

SHORTHOLD

16. Shorthold gives landlords the right to let for between 1-5 years with a guaranteed right of repossession, subject to the following safeguards for tenants:-

- a. existing statutory or protected tenancies cannot be converted into shortholds;
- b. tenants have security of tenure during the period of the tenancy plus a further year's security if the landlord does not give notice of repossession before the end of the shorthold period;
- c. For shortholds in Greater London a fair rent has to be registered. Outside Greater London the tenant has the right to apply for a fair rent, but a fair rent does not have to be fixed from the outset of the shorthold tenancy.

Up to the end of November 1981 the number of known rent registrations for shorthold tenancies was 5,128 (NB This is not the complete total of shorthold lettings because, for example, it does not include dwellings where a fair rent was already registered when the shorthold tenancy commenced.)

ASSURED TENANCIES

17. Under the 1980 Housing Act the Government created "assured tenancies", under which landlords approved by the Secretary of State can build for rent at freely negotiated (ie market) rents outside the provisions of the Rent Acts. Approval has been given for four bodies; the Abbey Housing Association Ltd, Wates Ltd, Rushey Development Co Ltd (a wholly owned subsidiary of Rush and Tompkins Ltd), and the Prudential Assurance Company Ltd. The Abbey Housing Association Ltd has already built and let property on assured tenancies in Tower Hamlets, and has other assured tenancies under construction or planned in Islington Southwark and Reading. The Chancellor announced in his March 1982 Budget that the 1982 Finance Bill would introduce capital allowances, at the rate of 75% in the first year, for expenditure on the construction of properties wholly for letting as assured tenancies.

OTHER RENT ACT CHANGES

18. In the Housing Act the Government has:-

- a. ended the system of controlled tenancies under which rents were pegged at 1956 levels; these tenancies have now been brought into the fair rent system;
- b. reduced the period between reviews of fair rents from 3 to 2 years, with a corresponding reduction in phasing instalments, in order to give greater protection of the value of fair rents against inflation;
- c. improved the rent registration procedures to avoid delays;
- d. extended the rights of temporarily absent owner occupiers, servicemen and the owners of retirement homes - and their successors if they die - to regain possession of their homes from tenants;
- e. made it easier for owner occupiers who sublet part of their homes to regain possession. (In addition resident landlords have been helped by the Finance Act 1980 which exempted from Capital Gains Tax the part of an owner occupier's home which is sublet providing it is not self-contained and the gain during the period of letting is

not more than £10,000 on the part of the house which is not let);

- f. extended the right of a deserted husband or wife to apply to the Court for the suspension of an order to possession;
- g. given widowers the same succession rights as widows;
- h. extended Rent Act protection to tenants of the Crown Estate Commissioners and the Duchies of Cornwall and of Lancaster.

SERVICE CHARGES

19. In the Housing Act, the Government has given tenants and long leaseholders of flats who pay service charges:-

- a. increased rights to obtain summaries of costs and to inspect the landlord's accounts;
- b. new rights to be consulted on major works, with a financial sanction against a landlord who fails to consult;
- c. new rights for tenants associations, and a simple procedure whereby associations can obtain recognition;
- d. a new right to challenge demands for advance payments which are unreasonable;
- e. a new right for tenants, who pay service charges as part of a fixed fair rent, to challenge a landlord's evidence on service costs before a fair rent is registered by the rent officer.

20. The Government has increased the maximum penalty for failure of landlords of flats to provide summaries of costs, or facilities for inspection of their accounts.

21. It has also increased the penalties for landlords failing to disclose their identity.

LEASEHOLD REFORM

22. In the Housing Act the Government has amended the Leasehold Reform Act 1967 to help long leaseholders of houses by:-

- a. providing for the creation of local leasehold valuation tribunals to settle valuation disputes arising under the Act quickly and inexpensively; the tribunals came into operation on 31 March 1981;
- b. reducing the residence requirement from 5 years to 3;
- c. reducing the bar on making a second application to buy the freehold from 5 years to 3.

IMPROVEMENT AND REPAIR

23. The new home improvement grant system was brought fully into operation on 15 December 1980. The most important changes are as follows:-

- repair grants are now available for pre-1919 properties generally, (previously they were obtainable in cases of hardship in Housing Action or General Improvement Areas);
- a home improvement grant no longer has to be repaid if an owner-occupier moves within 5 years, provided he or she sells to another owner-occupier;
- to help the less well-off, people can now improve in stages if they wish instead of having to undertake a comprehensive improvement of their homes, and, again to help the less well-off, local authorities have discretion to allow improvement to a lower cost;
- tenants in both private and public sectors are now eligible for grants for the first time;

- higher eligible expense limits have been introduced for Greater London for the first time;
- higher rates of grant are now available for all substandard houses.

24. New rates of grant and eligible expense limits have been set and are now in force.

On grant rates:-

- grants of up to 75% are now available not only in Housing Action Areas, but also for houses outside those areas which are substandard, including those in need of major repairs;
- the grant rate in General Improvement Areas has been increased from 60% to 65%;
- grant rates can be increased by 15% when the applicant is in hardship.

On eligible expense limits:-

- all limits have been increased, with a higher increase in Greater London where building costs are higher;
- for full improvement grants, higher limits now apply "in priority cases" (defined as houses in Housing Action Areas or substandard houses anywhere): these limits are now £11,500 in Greater London and £8,500 elsewhere.

25. The Exchequer contribution payable towards environmental works has been increased from £50 per dwelling in Housing Act Areas and £200 per dwelling in General Improvement Areas to £400 per dwelling in both types of Area.

26. The Chancellor announced in his March 1982 Budget that the grant rate for intermediate and repairs grants would be increased to 90% in all cases where the grant application was made by 31 December 1982.

In addition the rate of Exchequer contribution for repairs grants is being increased from 90% to 95% in order to encourage authorities to promote repairs grants by reducing the call on their own funds. To pay for these changes and to encourage local authorities to make more improvement grants generally available an additional £90.0m being made available for expenditure on home improvement grants in Great Britain in 1982-83.

HOME INSULATION

27. From 1 May 1982 the thickness of loft insulation required is being increased from about 80mm to about 100mm to come into line with the new building regulations standard for thermal insulation to be introduced on 1 April 1982.

28. In August 1980 a new 90% rate of grant under the Homes Insulation Scheme was brought in for elderly people on low incomes up to a maximum grant payable of £90. For other claimants, the maximum grant payable was increased to £65. In December 1981 the 90% grant rate was extended to the severely disabled on low incomes and from 1 May 1982 the maximum grants payable are to be increased to £95 and £65 respectively.

29. Local authorities were allocated £24.6m for grants under the Scheme in 1981/82, an increase of 30% in real terms over the total amount allocated for grants in 1980/81. £27.85m, now to be supplemented by most of the further £10m (GB) announced in the Chancellor's March 1982 Budget, has been allocated for grants in 1982/83. If authorities consider extra funds will be required they may apply to the Department to increase the proportion of their single block capital allocation which they may spend on insulation grants.

RENT REBATES AND RENT ALLOWANCES

30. To help those on low incomes the Housing Act 1980 extended rent rebates and allowances to most council licensees, to tenants of co-operative housing associations, to hostel dwellers, to those sharing accommodation and to assured tenants. None of these groups was eligible previously.

31. The Government has also raised substantially the ceiling for the maximum weekly rent rebate or rent allowance payment from the previous figure of £23 (£25 in Greater London) to the present £30 (£35 in Greater London). The Government has published proposals in the Social Security and Housing Benefits Bill for combining and rationalising the housing benefits currently provided by local authorities (ie rent rebates, rent allowances and rate rebates), and those provided by the Department of Health and Social Security through the supplementary benefit system. This will save tenants having to make the difficult calculation as to whether they would be better off on rebates/allowances or on supplementary benefit.

HOUSING ASSOCIATIONS

32. The 1982/83 allocation to the Housing Corporation for distribution to housing associations is £556m, which will maintain the level of allocations in real terms to housing associations for the third successive year.

33. Housing associations are also now able to make a major contribution to low-cost home-ownership:-

- a. like local authorities they may carry out improvement for sale; a £5m pilot programme was started in 1980/81 and by the end of January 1982 some 500 homes had been improved and sold under the scheme. It is anticipated that some 2,000 dwellings will be approved for improvement for sale during the 1981/82 financial year.
- b. housing associations may also build for shared-ownership sale. The Housing Corporation has issued a model scheme and a model lease. 125 schemes representing 1585 units have been approved so far during 1981/82 by the Corporation.
- c. the Corporation has also been allocated £3m this year for leasehold schemes for the elderly, a type of shared ownership. These schemes, in which 70% or 80% of the cost is met by the occupants, allow elderly owner occupiers to move into sheltered accommodation, releasing under-utilised family accommodation on to the housing market, and providing sheltered accommodation at much less cost to the public purse than the cost of similar rented accommodation. 11 schemes representing 241 units have been approved so far during 1981/82 by the Corporation and 45 units completed.
- d. the Housing Corporation has a similar power to that of local authorities to guarantee building society mortgages for housing association tenants exercising their right to buy their homes.

34. To simplify and speed up the processing of housing association schemes the Government has made fundamental changes to streamline procedures:-

- a. The "double scrutiny" of housing association development proposals by both the Department and the Housing Corporation ended on 1 April 1981. The Housing Corporation is now solely responsible for the approval of individual schemes.
- b. The procedures operated by the Housing Corporation for the supervision of associations and the control of their development projects has been simplified and streamlined.

This has enabled substantial economies to be made.

HOSTELS

35. In the Housing Act 1980 the Government introduced the first extensive reform of hostels legislation for many years. The Act:-

- a. for the first time provides a special grant of up to £6,750 (£9,000 in Greater London) for fire escapes for hostels plus a grant of up to £2,500 (£3,500 in Greater London) for associated repairs;
- b. improved the ability of local authorities to deal with overcrowding in hostels;
- c. increased penalties for bad management of hostels;
- d. extended rent rebates and rent allowances to those living in hostels who were not previously eligible for them.

In addition:-

- (i) bed-sitting room space standards have been increased in hostels for the elderly;
- (ii) lifts in hostels for the elderly and handicapped are in future to be eligible for Housing Association grant (previously there was no grant for a lift for a 2-storey hostel);
- (iii) to increase the availability of hostel accommodation, particularly in London, a special allocation of £12m has been made to the Housing Corporation for hostels in 1981/82, and the provision for 1982/83 has been increased to £18m;
- (iv) for the first time, local authorities have a duty, rather than a power, to ensure that large hostels and houses in multiple occupation (those with three or more storeys excluding basements and with a floor area in excess of 500 square metres) are provided with adequate means of escape from fire.

THE ELDERLY

36. The elderly will benefit from the more flexible system of home improvement grants such as:-

- a. the ability to improve in stages (eg to instal an inside WC or bath) instead of having to make a full scale improvement all at once;
- b. the ability to improve (at the local authority's discretion) to a lower cost;
- c. the general increases in home improvement grant limits, and the special rates of grant going up to 90% in hardship cases;
- d. the extension of repair grants to older properties (nearly a third of all pre-1919 houses are owned by elderly people).

37. The elderly will also be helped by the increase in maximum rent rebates and allowances (see paragraph 29).

38. A new grant rate of 90% for the cost of loft insulation has been introduced for elderly people on low incomes (see paragraph 26 above).

39. Standards for elderly persons' accommodation have been raised in three ways:-

- a. separate bedrooms and living rooms rather than bedsitters can now be provided;
- b. lifts can now be provided in sheltered accommodation and hostels of 2 or more storeys;
- c. space standards have been improved in hostel schemes for the elderly.

40. The option mortgage scheme has been extended to provide additional income to elderly non-taxpaying owner-occupiers who take out a loan on the security of their home to buy a life annuity.

41. In the Local Government Act 1980 local authorities were given the power to defer payment of rates by elderly owner occupiers.

42. The Government is supporting a wide range of initiatives to encourage greater provision of elderly persons' accommodation for outright purchase or for shared ownership. These were set out in detail in the Minister of Housing's speech, "Housing for the Elderly" on 11 November 1980.

THE DISABLED

43. The above provisions to help the elderly will also benefit the disabled.

44. In addition under the Housing Act rateable value limits for improvement grants no longer apply where the works are for making a dwelling suitable for a disabled person. Priority rates of grant of up to 90% and higher eligible expense limits now apply to adaptations, under the home improvement grant system, needed for a disabled person, and the 90% Homes Insulation Scheme grants have been extended to the severely disabled on low incomes (see paragraph 26 above).

45. These and other initiatives taken for the benefit of disabled people were set out in the Minister for Housing and Construction's speech "Housing for the Disabled" at the RADAR Conference on 23 October 1981.

SERVICEMEN

46. To help servicemen buy a home whilst still in the services:-

- a. under the Housing Act servicemen have the right to buy a house and let it (without necessarily having lived in it) until they need to live in it themselves.

- b. Regular servicemen who exercise the "Right to Buy" may count time spent in service accommodation for calculating their entitlement to discount.

MOBILITY

47. The Housing Act aids mobility in the following 8 ways:-

- (1) by giving public sector tenants the right to buy their homes;
- (2) by the measures in the Act to help other first-time buyers - particularly shared-ownership, improvement for sale and home-steading;
- (3) by the introduction of shorthold tenancies for privately rented accommodation;
- (4) by making it easier for owner-occupiers to take in tenants;
- (5) by giving public sector tenants the right to take in lodgers and, with their landlords' consent, to sublet part of their home;
- (6) by the special encouragement given to local authorities to make properties available for up to one year to people moving into their area to take a job whilst they look for permanent accommodation;
- (7) by the publication of housing association and local authority allocation, transfer and exchange rules;
- (8) by the new powers of the Government under Section 46 to make a financial contribution to tenant mobility schemes.

48. The Government has also assisted mobility by empowering local authorities in the new general consent to sell empty dwellings at discounts to job movers. The discount can be up to 30%, which will help to even out house price differentials between various parts

of the country.

49. The Government worked closely with the local authority associations for England and Wales in developing proposals for the first ever National Mobility Scheme, which came into operation on 1 April 1981. The Scheme is open to the tenants and people high on waiting lists, of all participating local authorities, new town development corporations and housing associations; who need to move to a different area for work or family reasons. Other people with a pressing need to move can also apply. The Scheme operates at two levels, facilitating moves between districts in the same county and moves between districts in different counties. So far 97% of local authorities and all new town development corporations have agreed to participate, in the Scheme.

50. The Government has announced the launch of the Tenants Exchange Scheme, with effect from the beginning of April 1982. The Scheme will provide a national computer-based information service for tenants of local authorities, new town development corporations and housing associations who want to exchange homes with similar tenants in other parts of the country.

REFORM OF LOCAL AUTHORITY HOUSING FINANCE AND HOUSING PROJECT CONTROL

51. The Government introduced on 1 April 1981 a series of fundamental changes in the arrangements for local authority housing finance and project control in order to achieve substantially greater freedom of decision making by authorities themselves. The most important of these changes are:-

- a. Each authority has a single ceiling for all its capital investment with the freedom to use whatever proportion of its total allocation for housing purposes that it wishes.
- b. Each authority is now able for the first time to use its capital receipts, or a proportion of those receipts, whether housing or non-housing receipts, to add to its capital expenditure on housing - or indeed on other services.
- c. Mandatory minimum standards ("Parker Morris") and cost

ceilings (the "yardstick") for new housebuilding have been abolished. Each authority will be able to decide what standards and costs give best value for money.

- d. A new housing subsidy system came into effect on 1 April 1981. It is a deficit system and enables subsidy to be distributed more selectively in relation to housing need. In addition, following the abolition of the so-called "no profit rule", authorities can now budget for a credit balance within their Housing Revenue Account and have the freedom to use such a balance to finance their capital programmes or to repay housing debt, or to transfer it to the General Rate Fund.

1980 HOUSING ACT BOOKLETS

52. The following booklets explaining the 1980 Housing Act in Question and Answer form are available from the Department of the Environment, Local Council Offices, rent officers and housing aid centres.

"The Tenants' Charter" - new rights for council, new town and housing association tenants.

"The Right to Buy" - a guide for council, new town and housing association tenants.

"The Rent Acts and You" - a brief guide for landlords and tenants.

"Letting Rooms in Your Home" - a guide for resident landlords and their tenants.

"Letting Your Home or Retirement Home" - a guide for home-owners and servicemen who want to let their homes temporarily.

"Controlled Tenancies" - bringing them into the fair rent system.

"Regulated Tenancies" - fair rents and security of tenure explained.

"Shorthold Tenancies" (first revision) - a guide for private landlords and tenants.

"Service Charges in Flats" - a guide for landlords and tenants.

"Notice to Quit" - a brief guide for landlords and tenants.

"Housing Association Rents" - a guide for housing associations and their tenants.

"Home Improvement Grants" - a guide for home owners, landlords and tenants.

"Leasehold Reform" - a guide for leaseholders and landlords.

"Shared Ownership : how to become a home owner in stages" - a guide for potential owners.

"Wanting to Move?" - a guide for those wanting to rent or buy in another area.

53. HOUSING FILMS

The Department has released films entitled "A First Home" showing a wide range of low-cost home-ownership schemes that have already been carried out; "Housing for the Disabled", showing a variety of ways of meeting the housing needs of disabled people; and "Home Improvement", covering the new home improvement grant system, the role of private sector finance, Improvement for Sale, improvement with tenants in residence, and agency services.

These films have been made available to all local authorities, the housebuilding industry and other interested organisations throughout the country. Copies of the booklets accompanying the films and describing the schemes shown in the films in more detail, are available from the Department.

A further film setting out ways of dealing with difficult to let estates is being produced and will be available in June 1982.

Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

March 1982



File AH
Housing
re Ian Gow

10 DOWNING STREET

From the Principal Private Secretary

22 February 1982

Dear Riddell,

TENANTS' EXCHANGE SCHEME

Thank you for sending me a copy of your letter of 19 February 1982 to Ian Gow about the Tenants' Exchange Scheme.

The Prime Minister was grateful to Mr Stanley for letting her have the literature which you sent with your letter.

Yours sincerely,

Sheila Wharton.

Alan Riddell Esq.,
Department of the Environment.

2
Prime Minister.
AKS
1982



DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET
LONDON SW1P 3EB
01-212 7601

MINISTER FOR HOUSING AND CONSTRUCTION

19 February 1982

Ian Gow Esq MP
10 Downing Street
London SW1

Dear Mr Gow,

TENANTS' EXCHANGE SCHEME

Mr Stanley mentioned to the Prime Minister this morning that he would be announcing the introduction of this scheme in a press released written answer on Monday. I attach a copy of the press notice, and a copy of a letter and attachments which are also being sent on Monday to all housing authorities, new towns and to the National Federation of Housing Associations.

I am copying this letter to Clive Whitmore, to David Heyhoe in the Lord President's Office, and to John Craig at the Welsh Office.

*Yours sincerely,
Alan Ridzell*

ALAN RIDDELL
Private Secretary

Press Notice

58

22 February 1982

JOHN STANLEY ANNOUNCES TENANTS EXCHANGE SCHEME

John Stanley, Minister for Housing and Construction, announced to-day that the Government would be launching a computer-based national information scheme for public sector tenants who wished to move by exchanging homes. The scheme will be called the Tenants Exchange Scheme.

In answer to a Parliamentary Question from Ivan Lawrence MP, (Burton), John Stanley said:

"The absence of any nationally available information about the housing requirements of tenants who wish to move by arranging exchanges has been a serious impediment for years to the mobility of public sector tenants. Following consultations with the local authority associations, the government is commissioning a computer bureau to establish a computer-based national information scheme for local authority, new town and housing association tenants who wish to move by exchanging homes. The scheme will be called the Tenants Exchange Scheme and is due to come into operation at the beginning of April. It will be available for use by tenants of local councils, new towns and housing associations throughout England and Wales. A letter giving details of the Tenants Exchange Scheme is being sent to-day to all housing authorities, new towns and development corporations, and to the National Federation of Housing Associations, and I am placing a copy in the Library. I believe that the Tenants Exchange Scheme will prove of great assistance to tenants throughout the country who wish to move by arranging exchanges."

NOTE TO EDITORS

A great many tenants seek to move by making exchanges with the tenants of other authorities. But because of the absence of any computerised central data-bank of information about tenants wanting to exchange, exchanges can involve both tenants and local authorities in much time-consuming effort and administrative work. John Stanley announced last September (Press Notice 350) that he intended to consult the local authority associations on proposals for a scheme to provide a computerised data-bank of information about tenants' exchange requirements to which tenants throughout the country would have access. This scheme, to be called the Tenants Exchange Scheme, will work as follows:

- 1) Tenants wanting to exchange will need to obtain the Tenants Exchange Scheme registration form from their local authority, new town development corporation, citizens' advice bureau or housing advice centres. They will then fill in details of their present accommodation and the area to which they want to move, and post the registration form to the computer bureau who will run the scheme.

- 2) The bureau will send each local authority a monthly list of tenants elsewhere in England and Wales who want to move into that authority's area. Tenants wanting to exchange will simply need to examine the list held by their own authority to see if it contains tenants of other authorities with whom they might be able to exchange.
- 3) Tenants, once they have agreed an exchange between themselves, will need to get the exchange approved by the respective landlords (ie local authority, new town or housing association) as is the case now.
- 4) There will be no charge to tenants using the Tenants Exchange Scheme.

Other measures taken by the Government to further mobility are set out in the booklet "Wanting to Move?" (Copy attached).

Press Inquiries: 01-212 3492/3/4/5/6
Night Calls (6.30 pm - 8.00 am)
Weekends and Holidays: 01-212 7071

Public Inquiries: 01-212 3434; ask for
Public Inquiry Unit



Department of the Environment
2 Marsham Street London SW1

Telephone 01-212 3434

To the Chief Executive of each
District Council in England
and the Town Clerk of the City
of London

22 February 1982

Dear Sir

THE TENANTS EXCHANGE SCHEME

You will recall that, nearly a year ago, a significant step forward in improving public sector tenants' mobility was made by the setting up of the National Mobility Scheme. Virtually every authority in England and Wales now participates. The Minister for Housing and Construction is grateful to authorities for the way in which they have responded to this important initiative unanimously agreed by the local authority associations.

The National Mobility Scheme helps those tenants who want to move to get access to vacancies in the stock of other authorities across the country. However, a great many tenants also seek to move by making exchanges with the tenants of other authorities. But because of the absence of any computerised central data bank of information about tenants wanting to exchange, exchanges can involve both tenants and local authorities in much time-consuming effort and administrative work. The Minister therefore announced last September that he intended to consult the local authority associations on proposals to establish a national computer-based information service for tenants who wish to exchange. These consultations have now been completed, and the Minister expects to have the new information service - to be known as the Tenants Exchange Scheme - ready for tenants to register as from 1 April.

I should highlight the following points about the Tenants Exchange Scheme:

1. The costs of the computer bureau who will run the Scheme will be met fully by the Department of the Environment and the Welsh Office.
2. The only action requested of authorities is
 - a) to hand out to any tenants wishing to exchange the combined leaflet and registration form (text attached); and

- b) to make available for inspection the list that the council receives from the computer bureau of the tenants who want to find a tenant to exchange with in the council's area (specimen sheet attached).
3. Any public sector tenant of a local authority, new town or housing association in England and Wales will be able to register his/her exchange requirements and details of present home.
4. It will be made very clear that all exchanges continue to require the approval of the respective landlord.

The Scheme works as follows:

The combined leaflet and registration form is a four page document. One half of it describes how the Scheme works; the other half, which is detachable, constitutes the registration form for sending to the computer bureau. The leaflet will be available from all local housing authorities, new town development corporations, housing associations, housing aid and advice centres, and citizens' advice bureaux.

A tenant wanting to exchange will fill in the registration form and post it to the Tenants Exchange Scheme at a London PO Box number.

The tenant will receive back a letter telling him what details have been registered under his name, and the names of those local authorities and any new town on whose exchange lists his details will appear.

At the end of each month each local authority and new town will be sent an exchange list of the tenants who have registered and want to move to its area. The first lists will be produced three months after the start of the Scheme; ie in July.

Tenants who want to move away from your authority's area will inspect your exchange list so as to identify any tenants in the area they want to move to who want to come to your authority's area.

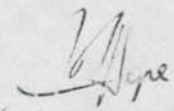
Tenants are entirely responsible for their own arrangements for making contact with possible exchange partners.

The Department will write to you again next month to confirm the exact date that registrations can start to be made under the Scheme planned for 1 April. We will send you 500 copies of the leaflet/registration form and 10 copies of a poster for display in housing departments, public libraries and elsewhere. Any further supplies can be obtained by writing to the

address given for the Scheme in the leaflet. The computer bureau will send the monthly lists to the Chief Officer of your authority's housing department at the address given in List No 15 of the 1982 Municipal Year Book.

I enclose a copy of this letter for your chief housing officer. If you have any queries the Department's Regional Controller for your area will be glad to try to assist.

Yours faithfully


J M HOPE

TENANTS EXCHANGE SCHEME

The Government has introduced this scheme to help public sector tenants in England and Wales who want to exchange homes with a tenant in another council's area.

Are you the tenant of a district or borough council, a new town or a housing association?

Do you want to try to arrange an exchange with a tenant in another area?

If so, the Tenants Exchange Scheme could help you. There is no charge for using the scheme.

This is how the Tenants Exchange Scheme works:

- If you want to use the Scheme fill in the registration form on pages 3 and 4 of this leaflet, following the notes on page 2 very carefully. Then tear off the form and post it to:
Tenants Exchange Scheme
PO Box ...
LONDON SW1P ...
- You will receive back a letter telling you (a) what details have been registered under your name and (b) the names of the local authorities and any new town on whose lists your name and details will appear (see note 14 on page 2)
- At the end of each month each council and each new town will be sent a list of tenants who have registered and want to move into its area. Your name and details will appear on the lists sent to those authorities covering the area to which you want to move. Tenants in those authorities who want to move to where you are now living will inspect the list and will get in touch with you direct if they want to exchange with you. After June 1982 you should go along yourself to your own council or new town and ask to see its Tenants Exchange Scheme list. This will show you all those tenants who want to move to where you are living now, and will enable you to pick out possible tenants with whom to exchange. You can get in touch with them direct.

- Once you have agreed with another tenant that you would like to exchange homes you will both have to get written permission from your respective council, new town or housing association before the exchange can go ahead.

Your registration will be automatically removed from the lists one year after the date of the registration letter is sent to you, unless you ask for it to be removed earlier. If you arrange to move or change your mind about wanting to exchange, please write to the Tenants Exchange Scheme, PO Box ... , London SW1, and ask for your registration to be removed, so that other tenants do not get in touch with you unnecessarily. If you want to continue your registration for another year, you will need to send in a new registration form to arrive by the date stated on the registration letter.

Special Notes

- *Most authorities have conditions which need to be satisfied before they give permission for exchanges. You may wish to find out in advance what conditions are applied by your authority or housing association before you approach tenants elsewhere about a possible exchange.
- *The details of individual dwellings that appear on the lists sent to authorities are as given by the tenants. No guarantees can be given as to their accuracy.

How to complete the registration form

(The number of each note below corresponds to the number against each question on the form).

1. Write your name using block capitals. Give your initials only of your forenames, and your surname, eg MR R J BROWN.
2. Write your full postal address using block capitals. Start a new line on the form for each line of your address. Do not forget to include your postcode.
3. If you have a telephone at home, write the number as it appears on the dial of your telephone eg NEWBOROUGH 851656 or 021-959 8261. If you have to write the name of an exchange use block capitals.
4. Write the name of your local district or borough council using block capitals. If you are a tenant of a new town or a housing association, you should still write in the name of your local council. Do not write in any of the four boxes on the right of this question.
5. If, to the best of your knowledge, your home was built before 1940, tick the 'Pre-war' box. Otherwise tick the 'Post-war' box.
6. You must answer part (a).
 - (a) Tick one box only. If your flat or maisonette is part of a converted house, tick 'flat' or 'maisonette' as appropriate.
 - (b) If you know that your home is available only to people seeking sheltered accommodation or to elderly people tick the box; otherwise leave it blank.
7. You must write in ~~the~~ the box the number, in figures, of bedrooms in your home. Include any rooms which were intended to be bedrooms but which you use for another purpose. Do not include any living rooms which are sometimes used for sleeping. If you live in a bed-sitter write a '0' in the box.

8. If your home has central heating provided by a district heating system or communal boiler shared with other dwellings tick the box 'Communal/district'. If your home has independent central heating from a boiler in your home tick the box in this line according to which type of fuel it uses. Tick only one box in this line.

9. Tick just one of the boxes if you live in a house or a bungalow; otherwise leave blank.

10. If you live in a ground floor flat or maisonette answer part (a) only; if your flat or maisonette is not at ground level you should answer parts (b) and (c).

(a) If the front door to your home (not just the main entrance to your block) is at ground level, or is on a corridor or balcony which leads, without more than a few steps, to ground level, tick box (a); otherwise leave blank.

(b) If you did not tick part (a), write in box (b), in figures, how many floors your front door is above ground level. If you live a basement flat, and your front door is below ground level you should write 'B' in box (b).

(c) If there is a lift in your block which serves your floor tick this box; otherwise leave blank.

11. Tick this box if you have a garden (no matter how small) for the private use of you and your family. But if, for example, you only have the use of communal gardens or open space you should leave this box blank.

12. (a) Tick this box if a garage goes automatically with the tenancy; otherwise leave blank.

(b) Tick this box if, for example, you may park a car in your garden or in a communal parking area or on an estate road which is not open to general traffic; otherwise leave blank and go on to question 13.

13. If you use this space, the number of letters in each word, and the spaces in between them, should not add up to more than 60. Anything beyond this limit will not appear on the printed lists. Write in block capitals. Examples of what you might wish to write are:

(i) NEAR SHOPS AND STATION AND RECENTLY DECORATED

or (ii) ADAPTED FOR DISABLED PERSON WITH OFFSTREET PARKING

14. The way you answer this question will determine to which authorities your details are sent. You have 3 alternatives.

Alternative 1. Do you want your details sent just to the one council to whose area you want to move, and to no other? If so, complete part (c) only if you know the exact name of the council to whose area you want to move. If you do not know its exact name, complete parts (a) and (b).

Alternative 2. Do you want your details sent to the one council to whose area you want to move, but also to those councils that immediately adjoin it? If so, complete as for alternative 1 above, but tick box (d) as well.

Alternative 3. Do you want your details to be sent to all the councils within a particular county to which you want to move? If so, write in part (a) the name of the county. Leave parts (b) and (c) blank.

15. Give the smallest number of bedrooms your new home would need to have. Put '0' if you would be prepared to accept a bed-sitter. NB It is unlikely that an authority will agree to an exchange if, as a result, a house or a flat would become under-occupied.

16. Delete the sentence which does not apply.

17. Where the tenancy of your present home is in the names of more than one person, each person must sign the declaration.

Tenants Exchange Scheme

PAGE 3 OF
DRAFT LEAFLET

Please use block capitals throughout

A - Present Address

- 1 What are your initials and surname? Mr/Mrs/Miss
- 2 What is your address? (include the postcode)

- 3 What is your telephone number? _____
- 4 What is the name of your local authority? _____

do not use
this box

--	--	--	--

B - Present Accommodation

- 5 When was your home built? (tick one box only) prewar postwar
- 6 (a) Is it a (tick one box only) flat maisonette house bungalow
- (b) Is it sheltered or elderly persons accommodation? (leave blank if it isn't) (tick if 'Yes')
- 7 How many bedrooms are there? (put a figure)
- 8 If your home has central heating, is it (tick one box only)
communal/district solid fuel electric gas oil
- 9 If you live in a house, is it (tick one box only) terraced end of terrace semi-detached detached
- 10 (a) If you live in a flat or maisonette, does your front door open at ground level? (tick if 'Yes')
- (b) If you have not ticked 10(a), on to which floor does your front door open? (put a figure)
- (c) Is there a lift? (leave blank if 'No') (tick if 'Yes')
- 11 Do you have a garden for your use only? (leave blank if 'No') (tick if 'Yes')
- 12 (a) Is there a garage available? (leave blank if 'No') (tick if 'Yes')
- (b) If you have not ticked 12(a), is there parking for your car off the street? (leave blank if 'No') (tick if 'Yes')
- 13 You may use this space to add a few words about your home or its situation of interest to someone wanting to exchange with you

C - Where do you want to move? (it is essential you read the guidance note on page 2)

- 14 (a) What is the name of the county where you want to move to? _____
- (b) What is the name of the town where you want to move to? _____
- (c) What is the name of the local district, or borough council, or new town where you want to move to? _____
- (d) Would you consider moving to neighbouring council areas? (leave blank if 'No') (tick if 'Yes')
- 15 What is the minimum number of bedrooms you would accept? (put a figure)

do not use
this box

--	--	--	--

Please
turn over

D - Declaration
(* delete whichever alternative does not apply)

16 *I declare that I am the sole tenant at the address given in item 2 above.
We declare that we are the joint tenants at the address given in item 2
above.

17 I/we understand that all the details in this form will be publicly
displayed and I/we give my/our authority for this to be done.

Signed..... Date.....

Tenants Exchange Scheme - Specimen extract from an authority's monthly list of details of tenants who want to move to,
or near to, its area.

Current area	Name, address and telephone number	Type of accommodation	Sheltered accommodation	Position	Floor	Lift	Bedrooms	Central Heating	Garden	Parking	Age of property	
NW England												
Lancashire												
Preston	Mr J Adams 23 Long Street Milwood Lancashire	House	-	Semi-detached	-	-	3	Electric	Yes	Garage	Post-war	
	PRESTON 999657	GARAGE IN GARDEN						Required bedrooms: 3				
Wyre	Mr B Lightman 19 Singer Court Presall Lancs	Bungalow	Yes	Terraced	-	-	1	Communal/ district	No	Yes	Post-war	
	-	NEAR BUS STOP, WARDEN ALARM SYSTEM						Required bedrooms: 0				
Merseyside												
Bootle	Mrs V Jones 12 High Street Bootle Merseyside	Flat	-	-	3	-	2	Gas	No	-	Pre-war	
	0519998479							Required bedrooms: 2				
Liverpool	Mr P J Able 42 Hope House Falcon Estate Grimes Street LIVERPOOL 6	Maisonette	-	-	4	Yes	3	Gas	No	Yes	Post-war	
	0518997973	NEAR SHOPS, ENTRYPHONE TO BLOCK						Required bedrooms: 2				

19 FEB 1982



Wanting to Move?

A guide for those
wanting to rent or
buy in another area. ©

Printed in England for Her Majesty's Stationery Office by UDO Litho Ltd.
Dd 8294851 Pro 15053

Housing Booklet Number 12.

Department of the Environment.
Welsh Office.

Important Note. Before starting to buy a house or flat or signing a private tenancy agreement you are advised to consult a solicitor.

Wanting to move?

This booklet is designed to help those who want to buy a low-cost home or to rent in a new area in England and Wales.

All the booklets referred to in the text as Housing Booklets are available free throughout England and Wales from the housing departments of all district and borough councils, from Housing Aid and Advice Centres, and from Rent Officers, and most Citizens' Advice Bureaux have stocks. Their addresses are listed in local telephone directories.

Many of the references to local authorities in this booklet apply also to the Development Board for Rural Wales.

Wanting to buy?

Q1. How much can you afford to pay?

A. You can get advice from a building society, a bank manager, a local authority, or a new town development corporation about how large a mortgage they are likely to be able to give you. The Building Societies' Association (at 34 Park Street, London W1Y 3PF) publishes a leaflet, *Hints for Home Buyers*, and a more detailed booklet, *Building Societies and House Purchase*, both of which can be obtained free of charge. If you have been saving under the Homeloan scheme for two years or more you may qualify for an extra £600 loan and a cash bonus of £110, provided you buy a house or flat below a certain price limit for each region. You can get a leaflet, *Homeloan—Special Help for First Time Buyers*, and details of the current regional price limits from most building societies, Citizens' Advice Bureaux, banks and local authorities.

Q2. Is there a home in your price range?

A. When you have found out how much you can afford, look in the local papers and contact the estate agents in the area to which you want to move to see whether there are any houses or flats in your price range. Also contact the housing department of the local authority or new town development corporation in the area you want to move to and ask them whether they have any low-cost home-ownership schemes for first-time buyers. In particular you should ask

- i. Are they building any low-cost homes for sale to first-time buyers?
- ii. Do they have any empty homes that need improvement available for sale in 'homesteading' schemes whereby a purchaser undertakes to improve the home within a specified period?
- iii. Are any of their houses or flats being improved for sale?
- iv. Do they have any homes available for sale on a 'shared ownership' basis?

With 'shared ownership' you partly buy and partly rent, but you have the right to buy outright later on when you can afford to do so.

Local authorities and new town development corporations can give discounts of up to 30% if they sell empty houses or flats to priority groups such as first-time buyers and to those moving to their area to start a new job.

The local authority can also tell you whether there are any housing associations that might be able to help you. Like local authorities, many housing associations can now improve houses and flats for sale, and also make homes available for sale on a 'shared ownership' basis. If the local authority do not have a list of housing associations in their area ask them for the address of the regional office of the Housing Corporation, who can give you a list. The addresses of the Corporation's regional offices can also be got from the headquarters of the Housing Corporation at 149 Tottenham Court Road, London W1P 0BN (telephone 01-387 9466).

Q3. Is there a home you could afford, but you can't get a mortgage?

A. If you find a house or flat you could buy but can't get a large enough building society mortgage, the local authority or new town development corporation may be able to help in the following ways:

- i. By nominating you for a building society mortgage under the Support Lending Scheme which is designed to help first-time buyers.
- ii. By guaranteeing a building society mortgage.
- iii. By itself offering you a mortgage.

Q4. Can you get financial help to improve the home you want to buy?

A. Home Improvement Grants can help you to meet the cost of some improvements and repairs. Details are given in Housing Booklet 14, *Home Improvement Grants*. The local council will tell you what their policy is on giving discretionary improvement grants. However, it is mandatory for all councils to give grants for basic improvements such as installing a toilet, bath or sink.

Wanting to rent?

Q5. Can you use the National Mobility Scheme?

A. If you are a tenant of a public landlord, such as a local authority, new town or housing association, and if you have a pressing need to move to another local authority area for job or social reasons (for example, because you are elderly or handicapped), you should ask your landlord whether you can be nominated for a move under the National Mobility Scheme. Even if you are not at present a tenant of a public landlord but you have a pressing need to move, your local authority might be prepared to nominate you. A leaflet, *The National Mobility Scheme*, is available from local authority housing departments, Housing Aid and Advice Centres, new town development corporations, and Citizens' Advice Bureaux.

If you need to move only a short distance, many counties, including London, now have mobility schemes operating within their own boundaries. Your local authority will be able to give you details.

Q6. Can you use the Housing Association Liaison Project?

A. If you are a tenant of one of the housing associations within about 100 miles of London which participate in the Project, you can ask it to nominate you for a move to another association within that area. You can get details from your landlord.

Q7. Can you arrange an exchange with another tenant?

A. If you are a tenant of a local authority, new town or housing association, you yourself may be able with your landlord's consent to arrange a direct exchange with another tenant who wants to move to your area.

You can try the following ways:

- i. Ask your present landlord, and also the local authority or new town development corporation or any housing association in the area to which you want to move whether they know of any tenant who wants to move to your area.

do
Press Notice

510

Wk
3/12 30 December 1981*Hanning*
CHANGES IN THE HOME INSULATION SCHEME AND IN
HOME IMPROVEMENT GRANTS TO HELP THE DISABLED
COME INTO EFFECT

In a statement issued today, John Stanley, Minister for Housing and Construction said:

"I want to draw the attention of disabled people to the fact that significant changes to both the Home Insulation Scheme and to home improvement grants to help the disabled will come into effect on 31 December 1981 and 1 January 1982 respectively.

"From the 31 December, the severely disabled, as well as the elderly on low incomes, are eligible for a 90 per cent rate of grant for home insulation. The 90 per cent rate of grant will be available to all disabled people who are in receipt of supplementary allowance, rent rebate or allowance, or rate rebate, and they, or one of their dependants living with them, must be receiving mobility allowance, attendance allowance or constant attendance allowance.

"In addition from 1 January 1982, disabled people who need to adapt their homes will be able to get higher home improvement grants to help with the cost. They will now be eligible for grant of up to 75 per cent of the cost of the work, or for a grant of up to 90 per cent in cases of hardship. Local authorities must give a grant towards the cost of installing an extra bathroom or WC if a disabled person cannot easily use the existing one, and they may also help with other adaptations costing up to £8,500 outside Greater London or costing up to £11,500 in Greater London."

NOTE TO EDITORS

Plans to change the Homes Insulation Scheme and home improvement grant system to provide more help for the disabled were originally outlined by John Stanley, Minister for Housing and Construction, on 23 October 1981. (See DOE press notices 397/81 and 472/81).

Home Insulation Scheme

The Home Insulation Scheme was set up under the Homes Insulation Act 1978. Under the scheme, householders with uninsulated lofts can obtain grants towards the cost of insulating their loft, all pipes and water tanks in the loft, and their hot water tanks. From August 1980, 90 per cent grants (up to a maximum of £90) have been available under the scheme for the elderly on low incomes (that is men over 65 or women over 60 who are in receipt of supplementary pensions, rent rebate, rent allowance or rate rebate). For anyone else the grant rate has been 66 per cent up to a maximum of £65.

From 31 December 1981 people also qualify for the 90 per cent rate of grant if they are in receipt of supplementary allowance, rent rebate, rent allowance or rate rebate and they or one of their dependants are in receipt of mobility allowance, attendance allowance or constant attendance allowance. Dependants include the applicant's wife or husband (or anyone living with the applicant as husband or wife), and children under 16 or over that age but in full time education.

Home Improvement Grants

From 1 January 1982 disabled people will be treated as priority cases and will be able to obtain larger home improvement grants for adaptations needed to enable them to remain in their homes. They will then be able to get grants covering up to 75 per cent of the cost of the necessary works - or up to 90 per cent in cases of hardship. And the maximum cost of work which can be aided by improvement grant will go up to £11,500 in Greater London and £8,500 elsewhere.

Local authorities can pay home improvement grants towards the cost of making houses suitable for disabled people. Mandatory intermediate grants are available for putting in extra standard amenities (eg a downstairs WC or bathroom) if the existing ones are inaccessible to a disabled occupant. Discretionary improvement grants are available for other work which may be needed, ranging from major adaptations like extending the ground floor, putting in a lift or adapting the kitchen to more minor work like enlarging doors or windows, moving electric sockets or changing taps.

Since December 1980, local authorities have been able to pay home improvement grants at different rates:

- 75 per cent (or 90 per cent in cases of hardship) for seriously substandard houses;
- 50 per cent (or 65 per cent in cases of hardship) for other cases.

Work to adapt houses for disabled people has until now qualified for grant at the lower rate, but such work will now be included among the priority cases which qualify for the higher rate of grant.

Similarly, since December 1980 there have been two levels of eligible expense limits for improvement grants:

- £8,500 (or £11,500 in Greater London) for seriously substandard houses;
- £5,500 (or £7,500 in Greater London) for other cases.

The higher eligible expense limits will now also apply to work for disabled people.

Press Inquiries: 01-212 3492/3493/3494/3495/
3496/3497

Night Calls (6.30 pm - 8.00 am)

Weekends and Holidays: 01-212 7071

Public Inquiries: 01-212 3434; ask for
Public Inquiry Unit



CONFIDENTIAL

2 MARSHAM STREET
LONDON SW1P 3EB

Prime Minister

Relevant, 1 fear, for

Cabinet tomorrow, in view of

X overleaf.

MCS 16/12

My ref:

Your ref:

16 December 1981

Dear Chief Secretary,

HOUSING SURPLUSES

✓ letter requested

Thank you for your letter of 16 December. In view of the need to announce the 1982-83 HIP allocations on Monday, I had hoped to be able to discuss this issue with you today. I understand that you are not able to arrange a meeting.

I am happy to deal with the 2 issues of housing capital receipts and housing surpluses in a single letter, but they are essentially separate and have been the subject of separate collective decisions.

First, the question of capital receipts was explicitly and clearly dealt with at Cabinet on 26 November. In her summing up, the Prime Minister said that 'the Cabinet agreed that the provision for housing capital investment should not be increased but that the local authorities should be told that they should assume that £250 million additional receipts would be forthcoming in 1982/83 to enable them to finance that amount of additional investment in the year'. My allocation will be made on precisely the basis agreed by Cabinet, with no increase in capital provision net of receipts (indeed there will be a significant further reduction over the 1981/82 level). As agreed by Cabinet I have increased my assumption about capital receipts accruing in 1982/83 compared with the assumption for 1981/82 and will be indicating to authorities that should there be any shortfall over that assumed level they can safely carry forward receipts unused in 1981/82 to cover the balance.

On the question of surpluses, the authorities where surpluses are forecast to arise are overwhelmingly Conservative and given both the willingness of those authorities to see rents rise and the financial benefits for them of doing so, whether by paying off housing debt or (as some may still choose to do) by transferring surpluses to the rate fund, I will do all I can - with the support of Ian McCullum our ADC leader - to persuade them to follow this course.

Obviously I cannot forecast what hundreds of authorities will do, but whatever they do the consequences will be trivial in comparison with the totality of the local authority capital cash block. This year's rate of generation of capital receipts has produced a substantial underspend. It could happen again next year and if the present level of capital receipts continues is at least as likely as your forecast on just one part of the block.

You will be aware that Nicholas Edwards earlier today announced a

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30% increase in housing capital for Wales. In these circumstances, it would be quite unthinkable for me to make any holdback in the provision for housing capital in England - which would effectively mean depressing not only the gross line but also the net line, which will already be 7% below the 1981/82 level in real terms.

X [I understand that you are content, if the Prime Minister consented, for me to raise these matters orally at Cabinet tomorrow. However, this must be a matter for you as I consider that I have the clearest possible Cabinet authority for proceeding to make the 1982/83 HIP allocations on Monday on the basis I have set out in the draft statement attached.] X

I am copying this letter to the Prime Minister and our Cabinet colleagues, the Chief Whip and Sir Robert Armstrong.

Your sincerely

M Heseltine

For MICHAEL HESELTINE

(Letter drafted by the
Secy of State and
signed in his absence)

Rt Hon Leon Brittan QC MP

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DRAFT STATEMENT BY SECRETARY OF STATE

Following discussions with the local authority associations in the Housing Consultative Council, I am now able to announce a number of decisions on housing public expenditure in 1982/83.

I am glad to say that, despite the reduction in overall housing expenditure in 1982/83 envisaged in last year's Public Expenditure White Paper, it will be possible to hold capital expenditure next year at approximately the same level as this - as foreshadowed in the statement by my right hon Friend the Chancellor of the Exchequer on 2 December.

This has been made possible largely by the growing volume of sales of local authority dwellings and land which we expect to see continue throughout next year as a result of the Government's policies on low-cost home ownership, particularly the right to buy, and from the encouragement given to authorities to dispose of surplus land.

But my decisions on the level of housing current expenditure also have a bearing on the amount I have been able to make available for capital.

I discussed ^{with} the Housing Consultative Council on 17 December the level of local housing income and of management and maintenance expenditure to be taken into account for subsidy and rate support grant. I have considered carefully the views which its members put to me, and I have also noted the points raised when the House debated rents on 16 December. I have decided that I should give effect to my subsidy proposal by determining an increase in the local contribution of £2.50 per dwelling per week for 1982/83. It is for individual authorities to decide how to finance such a contribution from local sources. On average, however, I assume that authorities will choose to meet their increase in local contribution from rental income, so that next year average rents would rise by £2.50 per dwelling per week.

On management and maintenance, I would propose to increase the expenditure counting towards the subsidy calculation to 7% above its 1981/82 level.

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After allowing for other items of revenue expenditure, I have been able to provide £2033 million net for capital expenditure. Housing capital receipts are forecast at £1124 million. Gross provision will therefore be £3157 million. This sum will be divided as follows.

Home loan and other net lending	£ 8 million
New Towns	£ 73 million
Housing Corporation	£ 556 million
Local Authorities	£ 2520 million

The new towns allocation reflects the fact that the publicly rented programme in the new towns has virtually finished, with remaining investment concentrated on opening up new sites for private development, on shared ownership, and on repair and improvement of dwellings prior to transfer to local authorities. The gross provision for the Housing Corporation at £556 million is being maintained in real terms for the second year running, and comprises an allocation of £530 million plus an estimated £26 million of capital receipts.

Within the gross provision for local authority investment of £2520M, some £30 million has been set aside for the homes insulation scheme, though authorities are free to transfer a greater sum to home insulation from elsewhere within their single capital block if they wish.

The amount of the housing investment programme allocations to local authorities has however to take account of the fact that, under the system of capital expenditure control, local authorities can undertake expenditure over and above their allocations on account of their capital receipts, or a prescribed proportion of these. I estimate that

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in 1982/83 they will be able to undertake at least an additional £593 million of expenditure in this way. £3 million must also be allowed for the administrative costs of the homes insulation scheme. Allowing for rounding, the amount distributed as HIP allocations will therefore be £1925 million. I also wish to make it clear that local authorities can plan their capital expenditure for 1982/83, on the firm assumption that, at the national level, housing capital receipts will reach the figure forecast by the Government. If in the event receipts in 1982/83 fall short of that forecast, authorities collectively can safely bring forward from 1981/82 an equivalent amount of capital receipts not used to augment allocations in that year.

I have discussed the method of distributing HIPs with the local authority associations and today I am informing local authorities of their individual allocations for 1982/83. Copies of the letter to authorities and of the schedule of allocations are being placed in the Library.

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LSI
MST (C)
~~MST (L)~~
Sir A Rawlinson
Mr Barratt
Mr Kitcatt
Mr Mountfield
Miss Brown
Miss Peirson
Mrs Woods
Miss Noble
Mr Godber

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1P 3EB

16 December 1981

Dear Secretary of State,
HOUSING SURPLUSES

Cabinet talks on Public Expenditure Pt 17.

Thank you for your letter of 11 December on this subject. I also owe you a reply to your letter of 3 December about the question of housing capital receipts which is still outstanding following the Cabinet decisions on 26 November. I hope you will agree that it is sensible to deal with these two subjects together as they impinge on the question of housing capital allocations.

I fully understand the urgency of reaching decisions on these issues and that you hope to be able to announce the capital allocations for housing simultaneously with other service blocks on 21 December. But I am sure you will agree that we must reach a satisfactory solution first and, in particular, that you will need to be cautious in presenting the position to the Housing Consultative Committee on Thursday.

I am sorry that you have felt unable to accept any of the temporary holdback options which I suggested. They would have insured the public expenditure totals against failure by authorities with HRA surpluses to deliver rent increases without any permanent or damaging loss of capital investment if the rent increases were achieved. On the face of it, therefore, we seem to be left with the fall-back position of reaching a judgement about the likely extent to which authorities will fail to increase rents. When we met on 17 November you and John Stanley put the likely shortfall at some £50 million. I regret that I cannot be so sanguine; I would estimate that, in the absence of any real pressures to increase rents, it must be unlikely that more than half the required rent increase will be achieved by authorities with potential surpluses. Thus, in implementing the change in PES treatment of HRA surpluses, I would only expect the total of surpluses to be added to the housing programme total to amount to some £90 million not the £180 million you have predicted.

I see less difficulty on the question of capital receipts. Your letter of 3 December includes a number of different figures for


the expected increase in receipts. As I recall the discussion in Cabinet, however, both you and I were concerned to ensure that the level of gross local authority capital investment should be protected in real terms. The result was an agreement that expenditure up to that level should be guaranteed whether the extra capital receipts accrued or not. Although this arrangement may cause problems with the cash limit next year (if gross housing spending is up to the current real level and if housing capital receipts fall short of your forecast and if there is no shortfall on other parts of the local authority block), I am fully prepared to accept it.

It is more difficult to see how the effect of this can be communicated to the local authorities in a way which offers them individually useful guidance on the appropriate level of spending. However, this is something which we can only consider in terms of the text of the HP allocation which, I understand, is under discussion between our officials.

We should, for the record, agree the amount which is required to preserve the current level of gross local authority capital spending in real terms, in the light of the detailed recalculations following Cabinet. From figures which have been sent to my officials (and without having had the opportunity to examine the forecasts of sales which you have made), I understand that you envisage gross spending by local authorities of £2519.5 million in 1982-83 compared with £2200 million in 1981-82, an increase of £320 million. To preserve the real value of the 1981-82 figure would require £2398 million, an increase of some £180 million. I take it, therefore, that the latter is the additional expenditure which is to be covered by the Cabinet agreement.

I am very ready to discuss any of the outstanding points if that would be helpful. I should, however, note that I do not see our discussions (or my proposals) as offering any threat to the investment programmes of our colleagues provided your assurances about the deliverability of the HRA surpluses are valid. Nonetheless, I am copying this letter to the recipients of yours.

yours sincerely



HP LEON BRITAN

(approved by the Chief Secretary
and signed in his absence)

COVERING CONFIDENTIAL



Housing

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

WFSR to see.
Wm 25 November 1981

Dev Mike *MAJ*

I am writing to let you know that, as agreed with the No 10 Press Office, we intend to publish the Government's Reply to the Third Report from the Environment Select Committee (in the form of a White Paper) at noon on Friday 27 November. I attach a copy of the Confidential Final Revise. The text has been cleared by H Committee, following my Secretary of State's letter of 30 October to the Home Secretary, copied to the Prime Minister.

The Committee's Third Report was published in July (HC383). In it the Committee drew attention to housing public expenditure and to the level of new housebuilding in both public and private sectors. They argued that public expenditure reductions had been made without regard to the consequences for housing policy, criticised the Government for its failure to produce official forecasts of housing demand and need, and repeated their earlier forecast of a shortfall of half a million dwellings by the mid-1980's.

The Reply firmly rejects the Committee's criticisms of the Government's housing policy. It concludes that the Government has laid a firm basis for a housing policy that responsibly takes account of economic reality, permits the maximum possible local discretion over investment decisions and caters for the clear housing preferences of individuals. On specific points, the Reply maintains the Government's earlier stance on the questionable value of forecasts of housing need and demand and takes issue with the Committee on the question of whether the Department has sufficient information for reaching sound decisions on housing policy. It regrets the Committee's lack of interest in the potential of the private rented sector and sets out the Government's view that the Committee has under-estimated the long-term significance of its low-cost home ownership initiatives. The Reply also draws attention to what the Government has done to help remove constraints on land availability.

I am copying this letter and its enclosure to the Private Secretaries to all members of Cabinet, to Sir Robert Armstrong and to Bernard Ingham.

Jan nearly
Jet Jacobs

J JACOBS
Private Secretary

CONFIDENTIAL—FINAL REVISE

*[to be published as Command 8435 by
Her Majesty's Stationery Office
Price £1.15 net]*



**DEPARTMENT OF THE
ENVIRONMENT**

The Government's reply to the Third Report from the
Environment Committee, Session 1980—81, HC383

THE GOVERNMENT'S REPLY TO THE THIRD REPORT FROM THE ENVIRONMENT COMMITTEE, SESSION 1980-81, HC 383

1. The Government has the following observations to make on the Third Report from the Environment Committee on 'DOE's Housing Policies: Enquiry into Government's Expenditure Plans 1981/82 for 1983/84 and the updating of the Committee's First Report for the Session 1979/80'.

Information on Housing Demand and Supply: Public and Private Sectors

2. The Government does not accept the Committee's view (as set out in paragraphs 5, 8 and 15 of its Report) that the Department has, as a matter of policy, deprived itself of information necessary for reaching sound decisions. However, the Government recognises, as did the previous Administration, the very considerable limitations of trying to project future rates of new housebuilding in either the public or private sectors when this is heavily influenced by national economic factors. The speculative nature of such an exercise was amply borne out by the last two years of the previous Government. The calculations in the Technical Volume to the Housing Policy Green Paper published in 1977 assumed that the number of dwellings completed in the public sector in 1977, 1978, and 1979 would average 160,000 a year. The out-turns were 162,000 in 1977 and 131,000 in 1978 while in 1979 (for which the pattern had been set by earlier HIP allocations) the number of completions fell to 102,000. So in the year when the Green Paper was published and in the two immediately following, the number of dwellings completed in the public sector was 85,000 fewer than projected.

3. It in no way follows, however, that because the Government recognises the speculative nature of forecasts of housing demand and supply, it lacks satisfactory information on housing issues. Contrary to the Committee's view outlined above the Government has a very considerable volume of data available, including:

- a. information on rates of household formation;
- b. surveys of housing conditions;
- c. information on vacant dwellings in both the public and private sectors;
- d. survey and analysis of vacant and under-utilised public sector land holdings which could be brought into productive housing use;
- e. information on outstanding planning permissions for housing;
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4. The Government regrets that the Committee have made no reference in its comments on the need for rented accommodation to the potential of the private sector to meeting this need in part, or to the steps that the Government has taken to encourage private lettings by:

- a. introducing shorthold; the requirement for compulsory rent registration for all protected shorthold tenancies granted on or after 1 December 1981 in England and Wales outside Greater London has now been lifted [Parliamentary approval to draft Order given on 26 October 1981];

- b. creating assured tenancies;
- c. quickening and simplifying the procedures for resident landlords to regain possession from new tenants;
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The Government hopes that the Committee will consider why it is that, on the information available, every other EEC country except Ireland meets a higher proportion of the demand for rented accommodation by private sector lettings than Britain, and what further legislation might be conducive to the stimulation of the private rented sector in Britain.

5. The Government reiterates the view, expressed in its reply to the Committee's First Report, that "any assumptions underlying figures of demand and need will be even more questionable than in the past because of the wide range of the Government's various initiatives to promote low-cost home ownership and to make better use of the existing housing stock"; and that "taken together the sum of these measures can be expected to affect significantly the opportunities which people have to move between the different housing sectors" (Command 8105, paragraphs 9 and 21).

6. The Government believes that the Committee has taken an over-cautious view of the potential impact of the measures to promote low-cost home ownership. In the Government's judgement, the Committee has underestimated the longer term significance of the changes which the present Government has instituted in promoting these initiatives.

7. The Government acknowledges that certain aspects of the initiatives were in existence before it came into office. But the Government rejects the Committee's assertion that "their recent additional strengthening relative to their overall impact, seems in some cases fairly marginal" (paragraph 14). The Government has:

- a. *on improvement for sale*, introduced a completely new scheme under which the Exchequer contributes to any losses incurred by local authorities and housing associations;
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- d. *on mortgage guarantees*, provided improved powers for local authorities to guarantee building society mortgages; and
- e. *broadened the terms of general consents* under which local authorities may dispose of land and dwellings.

Most significantly, perhaps, the Government has fundamentally changed the rules governing the treatment of capital receipts. Local authorities are now able to supplement their capital expenditure allocations by 100% of receipts from the sale of land and of dwellings built or improved for sale, and by 50% of receipts from the sale of existing dwellings. This is a major change, which could, depending on the decisions taken by individual local authorities, materially affect their capacity to undertake new investment.

8. The Government also considers that the Committee has understated the existing scale of low-cost home ownership activity. The Committee's estimate that the initiatives are currently contributing at a maximum rate of some 4,000 new and improved homes a year overlooks the contribution made by new town development corporations who, over the last financial year, reported over 2,000 starts on dwellings built by private developers under licence on corporation land and some 500 sales of dwellings for improvement by purchasers. In addition, the Committee's figures do not take into account some 926 acres of land sold in that year by local authorities, new towns and the Housing Corporation to private developers for new house building. This acreage is sufficient for the development of more than 8,500 new homes.

9. Despite these reservations about the Committee's figures, the Government recognises that low-cost home ownership activity in the last financial year was relatively small in relation to the housing programme as a whole. But given that none of the legislative changes under the Housing Act 1980 to facilitate low-cost home ownership took effect until well into 1980/81, the Government believes that it would have been quite unrealistic to expect otherwise. In evidence to the Committee, the Secretary of State for the Environment expressed the view that ".....these schemes will have to be judged over a timescale of a Parliament". The Government's view remains that the doubts expressed by the Committee over the likely impact of the measures are unwarranted. The Government nevertheless welcomes the Committee's suggestion for a further appraisal of the measures in one year's time (paragraph 13), but stresses that the clear responsibility now lies with local authorities, new town development corporations and housing associations to take full advantage of the opportunities that have now been created.

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10. The Government welcomes the Committee's interest in the subject of land availability.

11. Constraints on land availability take various forms — planning, infrastructure, ownership, physical and marketing. The importance of these constraints varies from site to site and from area to area, which means that the difficulties affecting sites need to be identified and tackled individually. The Government has, therefore, asked local authorities to carry out with builders site-specific surveys of land suitable for housebuilding. These surveys also provide information needed to assess whether sufficient land is available to allow structure and local plan policies to be achieved. The Government has asked authorities to maintain at all times a 5 year supply of available land, with the

amount and location of the land making up the supply to be derived from approved structure and local plans. Where a shortfall is identified, authorities are expected to take immediate action to remedy it, including when necessary allocating extra land for housebuilding.

12. In addition to establishing a mechanism for enabling local authorities and builders to assess whether sufficient land is available in any area, the Government has also taken a number of other steps to improve the supply of land for housebuilding. For instance, the Government has taken various initiatives so that, as announced in reply to a Parliamentary Question from Mr William Shelton MP on 13 June 1979 "all land which is currently held by public authorities surplus to requirements should be offered for sale as soon as practicable". That reply went on to announce the abolition of the redundant lands and accommodation procedure, under which land declared surplus by a public authority was offered to other public bodies before being put on the open market. Information about the disposal of housing land by the Property Services Agency, new towns, the Housing Corporation and local authorities was included in the written evidence which the Department of the Environment submitted to the Committee on 12 June 1981.

13. In addition, the introduction of land registers will enable more unused and under-used land with a potential for housebuilding to be identified. The first 33 registers to be published contain over 20,000 acres of land of which about 17% is thought to be suitable for housebuilding. The Secretary of State for the Environment announced on 18 September that land registers are to be published in all the remaining English districts and London boroughs. In addition to land identified on the land registers there have also been useful studies on the availability of housing land in urban areas, such as the study of the Cambridge University team on Vacant Housing Land in Nottingham. The Government would welcome the Select Committee's endorsement of this policy of maximising the release of all surplus developable land, whether for housing or for other purposes.

14. Local authorities have been encouraged to release land in their ownership for new private housing development by the system of capital expenditure control introduced by the Local Government Planning and Land Act 1980. Under that system local authorities have been able, since 1 April 1981, to increase their Housing Investment Programme (HIP) allocations by the full amount of their capital receipts from land sales (see paragraph 7 above). Under the new housing subsidy system which came into effect on 1 April 1981, subsidy will no longer be payable in respect of land which remains undeveloped 3 years after acquisition. This will also have the effect of encouraging local authorities to release land where they see no early prospect of developing it themselves, and local authorities will be able to use the capital receipts so obtained to increase their HIP allocations.

15. The Government has also been concerned to ensure that the planning system does not put unjustified obstacles in the path of development. A number of measures have already been taken to streamline and speed up the system and further ways of increasing efficiency are being examined. Besides improving the system itself, the Government has been examining closely the output from the

system to ensure that the legitimate needs of housebuilders are not overlooked. Over the past 2 years plots for some 18,500 dwellings have been released by appeal decisions, which feed into the total stock of outstanding planning permissions of something in excess of 700,000.

16. The Secretary of State for the Environment has also modified a number of structure plans submitted to him for approval to increase the housing provision. Structure plans approved since May 1979 or nearing approval make provision for approximately 1.8 million dwellings. In approving these plans the Secretary of State has increased the proposed housing provision or directed that it should be increased, by approximately 109,000 dwellings. Some reductions in provision have been made, amounting to about 27,000 dwellings. Thus the net increases in provision amount to 82,000 dwellings. As structure plans are being updated and altered through the planning system, further increases are being proposed. Alterations submitted to date include Hertfordshire, Kent and Derbyshire, all of which make further provision for housing.

Housing Surplus

17. The Government is surprised by the Committee's conclusion that the existence of a crude housing surplus, which by the end of the 1970s was at its highest ever, should not weigh heavily in the formation of housing policy (paragraph 18 of the Report). The existence of the high surplus is a fact and it is not clear why the Committee wishes to diminish its importance particularly when local authorities, no doubt in recognition of this, have put an increasing proportion of their investment into improvement rather than into new build under successive Governments for each of the last 5 years.

18. The qualifications about the crude surplus that the Committee has cited are not new and do not detract from its existence.

19. The Government would accept that the existence of the surplus certainly does not obviate the need for getting best use of existing stock in both public and private sector and vigorously assisting land release to secure private housebuilding where there is demand.

Assessment of Special Housing Needs

20. The Committee referred (paragraph 19 of the Report) to the Department's work on the housing needs of special groups such as the homeless, the elderly and the disabled. The Secretary of State for the Environment has already explained to the Committee that this work is concerned with identifying the particular problems encountered by such families or individuals, and studying possible means of providing for them. The work does not entail forecasting the possible future number of such households.

Conclusion

21. The Government totally rejects the underlying criticism of its housing policy in the Committee's Third Report. The Government has faced up to the reality that public sector housing policy cannot be conducted in isolation from national economic considerations, and that bringing the economy back onto a

firm footing must take overriding precedence. At the same time, it has pursued a policy of encouraging the private sector to play a much greater role, and to come forward with schemes to meet needs which have traditionally been catered for by the public sector. The Government has laid a firm basis for a housing policy that responsibly takes account of economic reality, permits the maximum possible local discretion over investment decisions, and caters for the clear housing preferences of individuals.

SECRET

Prime Minister

(2)

Housing Policy



MUS 3/11 2

Harris

Treasury Chambers, Parliament Street, SW1P 3AG

2 November 1981

The Rt. Hon. William Whitelaw, CH MC MP
Secretary of State for the Home Department

mb

Dear Secretary of State

MISC 62 : HOUSING

I agreed, at MISC 21 on Friday, to circulate a note on the issues facing us in relation to housing. I hope that this letter will be helpful in identifying which of the matters raised in Michael Heseltine's letters of 27 October (to you) and 30 October (to me) are relevant to the discussion we are to have in MISC 62 tomorrow. The basic factual position is still as given in MISC 62(81)13).

The housing programme essentially comprises the sum of subsidies (affected by rent levels) and capital expenditure. The total in Cmd 8175, to which Michael agreed, implied either a sharp increase in real rents between this year and next or a cut below the present level in capital expenditure. Michael's present view that rents should not rise significantly faster than the RPI, would as he notes, mean a cut of £350 million in capital expenditure to keep to the White Paper totals.

In my view the main issue for MISC 62 is how much rents should go up; and, how much capital expenditure should be cut. MISC 62(81)13 gives a brief summary of the arguments on both sides of the points raised in Michael's letter of 27 October.

The further issues he has raised in his letter of 30 October - what local authorities should do with surpluses made on housing revenue account - is of a different order which we can hardly discuss until we have the answers to some practical questions.

It is undoubtedly the case that surpluses on Housing Revenue Accounts will arise next year whether the average weekly rent increase is £1.50, £4.00 or more. This has never been in doubt and, indeed, the Housing Act 1980 specifically changed the law to allow for the creation of surpluses. These surpluses are, I understand, measured after debiting loan charges - interest and capital repayment. At present they go into the general rate

/fund and

fund and the method of calculating RSG payable to individual authorities is, in substance, the mechanism we have for ensuring that local authorities comply with our policy on rents.

Michael now proposes preventing this mechanism from working and I am not clear what he proposes to put in its place. Specifically:-

- (i) How would the creation of the HRA surpluses be ensured? At present the RSG system penalises authorities which fail to increase rents as required, but this would not apply if (as he proposes) negative housing GREs were excluded. Without a mechanism for ensuring the creation of surpluses there would be no safeguard against an unplanned increase in public expenditure.
- (ii) How could authorities with surpluses be compelled to use them to pay off outstanding debt faster?
- (iii) What would be the position of an authority which had little outstanding housing debt? Would the surplus be used to reduce non-housing debt; and, if so would the scheme retain its presentational attractions?
- (iv) Would legislation be required? And would it be practicable to introduce the change in 1982-83?

It seems to me that we are too near to this year's RSG settlement for there to be time for officials to investigate these questions and come up with a fully worked out proposal. However, I do not find Michael's proposal unattractive in principle and would be happy for it to be worked up as a possibility for use later; indeed if this is done it is, of course, necessary for Treasury officials to be associated with the study.

I have left until last the question of PES conventions. I am clear that we have to decide first what we want local authorities actually to do. How the result appears in the housing programme is just a matter of presentation. I propose that we return to the question of presentation when MISC 62 has finished its work. I also feel that the point in the penultimate paragraph of Michael's letter of 30 October about the PESC treatment of interest on unapplied capital receipts from sales could be clarified for us in discussion between officials.

I am copying this letter to the Prime Minister, to other members of the Cabinet, to the Chief Whip, the Paymaster General and to Sir Robert Armstrong.

Yours sincerely,
T. Matthews

for LEON BRITTAN
[Approved by the Chief Secretary
and signed in his absence]



Prime Minister

4

MUS 30/10

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

30 October 1981

Handwritten signature/initials

See letter

Report attached
I enclose a draft response to the Third Report of the Environment Committee dealing with the Government's Housing Expenditure Plans 1981/82 to 1983/84 (HC 383).

The responses to the Committee's First and Second Reports were both published as Command Papers, and I would also like this response to go out in that form.

I should therefore be grateful to have your agreement, and that of the other members of H Committee to the draft response, and to issuing it as a Command Paper. For convenience I shall assume that, unless I receive comments by Friday 6 November, my colleagues are content, and will send the report to the printers.

I am copying this letter and the draft to the Prime Minister, members of H Committee and to Sir Robert Armstrong.

Yours ever
Michael Heseltine

MICHAEL HESELTINE

Rt Hon William Whitelaw CH MC MP

DRAFT RESPONSE TO SELECT COMMITTEE'S THIRD REPORT

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HOUSE OF COMMONS

Third Report from the

ENVIRONMENT
COMMITTEE

Session 1980-81

DOE'S HOUSING POLICIES: ENQUIRY INTO
GOVERNMENT'S EXPENDITURE PLANS 1981/82 TO
1983/84 AND THE UPDATING OF THE COMMITTEE'S
FIRST REPORT FOR THE SESSION 1979/80

REPORT

Together with the Proceedings of the Committee relating
to the Report

THIS DOCUMENT IS ISSUED IN ADVANCE
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12.00 HOURS (EST) ON 31 JUL 81

NOT FOR PUBLICATION, BROADCAST OR USE
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Ordered by The House of Commons to be printed

28 July 1981

The Environment Committee is appointed under S.O. No 86A to examine the expenditure, administration and policy of the Department of the Environment and associated public bodies and similar matters within the responsibilities of the Secretary of State for Northern Ireland.

The Committee consists of eleven Members, of whom the quorum is three. Unless the House otherwise orders, all Members nominated to the Committee continue to be members of it for the remainder of the Parliament.

The Committee has power:

- (a) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place, and to report from time to time;
- (b) to appoint persons with technical knowledge either to supply information which is not readily available or to elucidate matters of complexity within the Committee's order of reference.

26 November 1979

The Environment Committee was nominated of:

Mr Donald Anderson, Mr David Atkinson, Mr Frank Döbson, Mr Bruce Douglas-Mann, Mr Jim Marshall, Dr Brian Mawhinney, Mr Norman Miscampbell, Mr Nicholas Scott, Mr Robin Squire, Mr Malcolm Thornton and Mr David Winnick.

14 December 1979

Mr Donald Anderson discharged
Mr David Atkinson discharged

Mr Geoffrey Johnson Smith added

1 February 1980

Mr John Sever added

23 January 1981

Mr Jim Marshall discharged

13 April 1981

Mr Reginald Freeson added

19 June 1981

Mr Geoffrey Johnson Smith discharged Mr Robert Dunn added

The cost of preparing for publication the Shorthand Minutes of Evidence taken before the Committee and published with this Report, was £

The cost of printing and publishing the Report is estimated by Her Majesty's Stationery Office at £10,000.

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LIST OF WRITTEN EVIDENCE RECEIVED (APPENDIX 1)

THE SUCCESS OF LOW-COST HOME-OWNERSHIP INITIATIVES
(APPENDIX 2)

PROCEEDINGS OF THE COMMITTEE RELATING TO
THE REPORT

ENQUIRY INTO THE GOVERNMENT'S HOUSING POLICY

CHAPTER 1

INTRODUCTION

1. On 24th March, 1981, Your Committee announced that it would enquire into the implications for the housing policies of the Department of the Environment of the White Paper on the Government's Expenditure Plans 1981/82 to 1983/84.¹ At the same time the Committee intended to update its First Report for the Session 1979-80² and to deal with matters arising from the Department of the Environment's response³ to the First Report of the Committee, particularly the performance of recent initiatives in housing policy.

2. The Committee received written evidence from 13 organisations and individuals⁴ and took oral evidence from officials of the Department of the Environment on 23rd June, 1981, and from the Secretary of State, Mr Michael Heseltine, and the Minister for Housing and Construction, Mr John Stanley, on 7th July. The Committee is grateful to all who have assisted in the Enquiry, including Mr Jamie Stevenson, Specialist Adviser, and Mr Derek Palmer, a member of the staff of the Committee who has provided specialist advice.

1 Cmnd 8175

2 HC714

3 Cmnd 8105

4 Listed in Appendix 1

CHAPTER 2

GOVERNMENT INFORMATION ON HOUSING DEMAND AND SUPPLY

3. The Government's Expenditure Plans 1981/82 to 1983/84 contained in the White Paper provide for a reduction in public expenditure of 4.1 per cent, from the estimated outturn of £79,245 million in 1980/81 to £76,000 million in 1983/84, both expressed in 1980 survey prices.¹ The Plans also provide for public expenditure on housing (including investment, subsidy and other current expenditure) in England to be reduced by 47.6 per cent over the same period,² i.e. from £4,256 million in 1980/81 to £2,230 million in 1983/84, also at 1980 survey prices. AS A PROPORTION OF THE PLANNED TOTAL PUBLIC EXPENDITURE, HOUSING ACCOUNTED FOR 5.4 PER CENT IN 1980/81 BUT WILL ACCOUNT FOR ONLY 2.9 PER CENT IN 1983/84.

4. The planned reduction in housing expenditure represents a major feature of the Government's medium term financial strategy. Economic strategy is clearly a Government responsibility. Nevertheless the Committee is seriously concerned that decisions by Government to make such drastic reductions in public expenditure on housing appear to have been made without the benefit of any analysis by the Department of the Environment of either the likely need for new and improved housing in either the public or private sectors, or of the likely levels of supply of housing by either sector.³ The Committee also regrets that the Secretary of State and his ministerial colleagues should have decided, as a matter of policy, not to carry out any investigation either to confirm or refute the Committee's forecasts in its First Report.

1 Cmnd 8175 Table 1.1

2 Cmnd 8175 Table 1.7

3 HC383-ii Q.106

5. Although the Government must have regard, in every field of public expenditure, to its judgment of "what the nation can afford",¹ that judgment ought to be exercised in the light of the best information available as to the social and other needs for any proposed expenditure. The Committee notes that the Public Accounts Committee in its First Special Report commented:

"The present position is that a Minister often does not have the information he reasonably needs in order to control the public expenditure for which he is responsible. This means that the form of public expenditure is often not sufficiently tested to see whether the same results could be obtained for less money or indeed better results for the same money."²

IN THE FIELD OF HOUSING IT APPEARS TO THE COMMITTEE THAT THE GOVERNMENT HAS, AS A MATTER OF POLICY, DEPRIVED ITSELF OF INFORMATION WHICH IS NECESSARY FOR SOUND DECISIONS TO BE TAKEN.

1 HC578-i Q.6

2 HC115-I p.vii, para 1.6

CHAPTER 3

THE SUPPLY OF PUBLIC HOUSING

6. In its First Report, Session 1979/80, the Committee concluded that it was unlikely that new public sector housing starts in England would exceed the figure of 31,000 in 1983/84 and that they could well be below that level in the intervening period.¹ The Committee has now established with the Department that it has not cross-checked the projection of the supply of housing made in its First Report for the Session 1979/80² because it is not the Government's policy to produce forecasts or to undertake work in projecting the likely extent of the supply of new housing.³ However, the Department agreed that the Committee's Specialist Adviser had correctly identified the variables which might affect the forecasts made.⁴

7. In one respect the Committee's conclusions made a year ago have proved to be optimistic. In the public sector the Committee envisaged 51,000 starts of new building in 1980/81 in England, whereas the Department now puts the figure at 39,200.⁵ The shortfall could well be attributable to the moratorium on house building in the first quarter of 1981 and to a concentration of construction work on completions, which were higher in that financial year than forecast by the Committee;⁶ but, whatever the reasons, the fact remains that in no year since 1945/46 (the first year for which figures for the public sector starts were collected) has the level of starts for the public sector in England fallen below that achieved in 1980/81.

1 HC714 para 20

2 HC383-i Q.5

3 HC383-ii Q.106

4 HC383-i Q.5

5 DOE Additional Written Evidence, page

6 The Committee's Specialist Adviser forecast 76,000 completions in 1980/81, whereas the actual figure was 93,100

8. The Committee notes the argument - used frequently in oral evidence by both the Department's officials and the Secretary of State - that the increased discretion given by this Government to local authorities, through the new capital allocation system and the incentives to maximise revenue and receipts, makes it no longer relevant to relate Government expenditure decisions or responsibility to the numbers of houses built and renovated.¹ THE COMMITTEE IS NOT PERSUADED BY THIS ARGUMENT. AFTER TAKING ACCOUNT OF THE CHANGES IN LOCAL DISCRETION, WHICH ARE LIMITED IN THEIR EFFECT, THE COMMITTEE CONCLUDES THAT THEY ARE FAR OUTWEIGHED BY THE GOVERNMENT'S OVERALL HOUSING CUTS WHICH REMAIN THE OVER-RIDING CONSTRAINT ON THE HOUSING OUTPUT ACHIEVABLE IN THE PUBLIC SECTOR. THE COMMITTEE CONSIDERS THAT IT IS PART OF THE RESPONSIBILITY OF THE SECRETARY OF STATE TO INITIATE IMMEDIATELY AN ENQUIRY AS TO THE NUMBER, TYPE AND LOCATION OF THE PROBABLE OUTPUT OF NEW AND IMPROVED DWELLINGS IN THE PUBLIC SECTOR AND TO RELATE THIS TO ESTIMATED OUTPUT IN THE PRIVATE SECTOR, AND TO AN UPDATED ASSESSMENT OF HOUSING DEMAND IN BOTH SECTORS.

¹ HC383-ii Q.107 and Q.136

CHAPTER 4

PRIVATE SECTOR CONTRIBUTION AND GOVERNMENT'S
POLICY INITIATIVES

9. In the private sector the Committee estimated that starts in Great Britain would average 100,000 per annum in 1980 and 1981. So far, the Committee's estimate is on course. The total for 1980 was 97,400 and 50,800 (provisionally seasonally adjusted) for the period January to May 1981. The Department has not produced any forecast for the private sector for 1981, but has drawn attention to figures suggested by the Joint Forecasting Committee of the Building and Civil Engineering Economic Development Committee and by the National Council of Building Materials Producers of around 120,000 for this year.¹ The Committee notes that, although these forecasts cited by the Department take a slightly more optimistic view of private housing starts for this year than the Committee's previous estimate, the total starts implied for the four-year period 1980-83 by these forecasts are identical to the allowance made for this period in the Committee's First Report.² THE COMMITTEE CONCLUDES THAT THE ASSESSMENT MADE IN ITS FIRST REPORT OF THE LIKELY CONTRIBUTION FROM PRIVATE HOUSEBUILDING REMAINS VALID.

1 Evidence not printed

2 The most recent forecasts produced by the National Council of BMP on 24 July indicate that private housing starts will be around 110,000 this year and will amount to 470,000 over the four year period 1980-83

10. In its Reply to the Committee's First Report for the Session 1979/80, the Government said that "any assumptions underlying figures of demand and need will be even more questionable than in the past because of the wide-range of the Government's various initiatives to promote low-cost home-ownership and to make better use of the existing housing stock."¹ The Government then devoted over one-third of its Reply to a description of these initiatives and concluded that "taken together the sum of these measures can be expected to affect significantly the opportunities which people have to move between the different housing sectors."²

11. The Right to Buy measures are, of course, likely to increase the numbers who can change from being tenants to become owner-occupiers of their existing homes. They will not, however, improve the opportunities of many other people who wish to move into different homes.

12. To meet its own criterion all the Government's measures should contribute significantly to increasing the availability of acceptable accommodation, at least in the two sectors - owner-occupied and private rented - at which they are aimed. After discounting for those measures such as homeloan assistance and shared ownership which simply facilitate transactions rather than increasing accommodation, the Committee estimates that those schemes which do have a direct impact, such as improvement for sale, building for sale and homesteading, are currently contributing a maximum annualised rate of 4,000 new and improved homes (see Appendix 2). THIS CONTRIBUTION REMAINS SMALL EVEN IN THE CONTEXT OF THE PRESENT EXCEPTIONALLY LOW LEVEL OF THE HOUSING PROGRAMME.

1 Cmnd 8105 para 9

2 Cmnd 8105 para 21

13. The Committee recognises that, since several of these measures were either introduced or strengthened by the Housing Act 1980, full judgment of their effectiveness should be made at a later date. The Secretary of State commented that "...these schemes will have to be judged over a timescale of a Parliament when we can see whether they expand."¹ THE COMMITTEE CONSIDERS THAT IN VIEW OF THE PRIME POSITION OF - AND HIGH EXPECTATION FROM - THESE MEASURES IN THE GOVERNMENT'S HOUSING POLICY, A FURTHER APPRAISAL SHOULD BE MADE IN ONE YEAR'S TIME.

14. The Committee notes, however, that most of these measures were in existence before this Government came into office and that their recent additional strengthening, relative to their overall impact, seems in some cases fairly marginal. THEIR TOTAL CONTRIBUTION WILL HAVE TO INCREASE DRAMATICALLY IN ORDER TO MEET THE GOVERNMENT'S OWN EXPECTATIONS.

15. IN THE MEANTIME, THE COMMITTEE CALLS UPON THE SECRETARY OF STATE TO INITIATE A SIMILAR ENQUIRY INTO LIKELY OUTPUT IN THE PRIVATE HOUSING SECTOR, RELATED TO DEMAND, TO THAT PROPOSED IN PARAGRAPH 8 ABOVE. THE COMMITTEE WOULD ALSO WELCOME A REPORT FROM THE SECRETARY OF STATE ON PROGRESS IN REMOVING THE CONSTRAINTS ON LAND AVAILABILITY MENTIONED IN THE COMMITTEE'S FIRST REPORT, SESSION 1979/80.

1 HC383-ii Q.162

CHAPTER 5

HOUSING REQUIREMENTS AND POLICY ANALYSIS

16. In all matters affecting housing supply and demand, the Committee has been unable to obtain confirmation or denial from the Secretary of State of its own projections, or to dissuade him from his policy of not making any analysis of the impact of the reductions in public expenditure on housing. The denial of this background information to the Government's housing policy precludes properly informed public debate and inhibits the progress of work with which Parliament has charged the Committee.

17. The Secretary of State mentioned in his oral evidence to the Committee that in negotiations with the Treasury he starts off ".....from a situation where we have the largest crude surplus of houses over households that we have ever had in this country."¹ The implication of this reference to the "crude housing surplus" seemed to the Committee to be that it was more difficult to argue for maintaining the level of spending on housing and that the Government was justified in cutting the amount of public resources allocated to housing. The statement may be based upon the crude housing surplus which, according to the National Dwelling and Housing Survey, rose in England from 135,000 in 1971 to 400,000 in December 1977.²

1 HC383-ii Q.107,Q.126,Q.136,Q.143 and Q.211

2 National Dwelling and Housing Survey,1978 -
Table 2.1

18. This "crude housing surplus" argument is, however, oversimplified and potentially misleading. The same NDHS showed that in England in December 1977 there were 729,000 vacant and second homes as well as 1,445,000 households who lacked at least one basic amenity. To these should be added a further 1,000,000 or more dwellings which, by interpolation from the Housing Condition Survey 1976, can be estimated as either unfit or requiring repairs costing over £3,000 at today's prices in order to get some idea of how much the "crude housing surplus" of 400,000 in England is dwarfed by other factors. In addition the measure of households excludes those "concealed households" who are living as part of other persons' households and who were estimated in the NDHS 1977 to exceed 250,000 in England. This "crude housing surplus" figure is heavily qualified not only by these far more substantial countervailing factors, but also by the substantial mismatch between our present housing stock and household needs. This mismatch reflects both the problems of having already the wrong types of dwellings in the wrong places for people's requirements, and the constantly changing rate of household formation which exceeds the present level of new housing starts and is changing significantly the national household profile.¹ THE COMMITTEE CONCLUDES THAT SUCH AN OVERSIMPLIFIED AND UNRELIABLE MEASURE AS THE "CRUDE HOUSING SURPLUS" SHOULD NOT WEIGH HEAVILY IN THE FORMATION OF HOUSING POLICY AND THAT THIS SURPLUS DOES NOT UNDERMINE THE CASE FOR A HIGHER LEVEL OF HOUSING OUTPUT.

1 Housing and Construction Statistics
1969-79, Table 99

19. Only a few days before giving oral evidence to the Committee, the Secretary of State published the second edition of MINIS,¹ from which it was apparent that departmental staff are engaged in such tasks as monitoring and assessing the trends on issues relating to housing stresses such as homelessness and overcrowding; ensuring that the housing needs of special groups, such as ethnic minorities and elderly people, are adequately recognised and catered for. The Committee enquired, but without satisfaction, into how the extent of homelessness or overcrowding could be properly assessed without the forecasting of housing supply and need which previous administrations had found to be necessary.²

20. The Committee continues to believe that the projections of the numbers of new houses likely to be required which were made in the 1977 Green Paper on Housing Policy were soundly based and that they have been largely confirmed by developments. THE COMMITTEE BELIEVES THAT ANY PROJECTIONS WHICH SOUGHT TO RECONCILE PRESENT LEVELS OF OUTPUT WITH AN UPDATED ASSESSMENT OF REQUIREMENTS WOULD HAVE TO ACCEPT EXPLICITLY HIGHER LEVELS OF OVERCROWDING, OF SUBSTANDARD HOUSING AND OF YOUNG PEOPLE BEING PREVENTED FROM FORMING NEW HOUSEHOLDS.

1 Management Information System for Ministers

2 HC383-ii Q.110-117

21. The Committee does not believe that the degree of speculative estimation which applied to one section of the Green Paper projections justifies the Government's continued dismissal of any housing requirement assessment as too speculative to merit consideration. It is hard to believe that any other major Department can put forward in Cabinet and inter-departmental negotiations, the arguments for its programme without an estimate of its requirements and of the consequences which would follow from different expenditure options. THE COMMITTEE CONSIDERS THAT THE LACK OF A PROPERLY RESEARCHED ASSESSMENT OF HOUSING REQUIREMENTS AND OF THE PROBABLE OUTPUT IN BOTH PUBLIC AND PRIVATE SECTORS, MAY WELL HAVE RESULTED IN HOUSING EXPENDITURE BEING TREATED AS A "RESIDUAL" ITEM OF PUBLIC EXPENDITURE RECEIVING WHAT IS LEFT AFTER OTHER EXPENDITURE PROGRAMMES HAVE BEEN MET. THE COMMITTEE BELIEVES THAT THE LEVEL OF SUCH EXPENDITURE SHOULD HAVE BEEN DETERMINED BY BALANCING THE NEED FOR HOUSING EXPENDITURE AGAINST THE COMPETING DEMANDS OF OTHER EXPENDITURE PROGRAMMES, IN THE CONTEXT OF THE GOVERNMENT'S ECONOMIC STRATEGY.

CHAPTER 6

SUPPORT FOR OWNERS AND TENANTS

22. The Committee in its First Report for the Session 1979/80¹ drew attention to the large reduction in net general subsidies to local authority tenants and compared it with the mortgage tax relief afforded to owner occupiers and suggested that this uneven treatment was likely to revive arguments about the fairness of the levels of public support to the two main housing tenures. This concern was not allayed by the Government's Reply.² The publication since then of the latest Public Expenditure White Paper³ reveals both sharply rising levels of mortgage tax relief costs and a planned reduction of over 40 per cent in public sector general subsidies.

23. The White Paper shows that at outturn prices the costs of mortgage tax relief in the United Kingdom rose from £1,450 millions in 1979/80 to £1,960 millions in 1980/81, to which should be added over £200 millions for the costs of the Option Mortgage Scheme. In order to compare these costs of mortgage tax relief on a consistent basis with the public expenditure plans for housing subsidies to council tenants in 1981/82, our Advisers have estimated that, assuming a 13 per cent interest rate throughout 1981/82, the total costs of mortgage tax relief in England alone would equal £1,300 millions. This compares with £1,011 millions general subsidies to public sector tenants in England and £1,280 millions total subsidies, if rent rebates are included. The equivalent figures two years ago were £1,100 millions for mortgage tax relief and £1,723 millions general subsidies and £1,915 millions total subsidies. This demonstrates a clear trend towards relatively more favourable treatment of owner-occupied assistance, which seems likely to accelerate.

1 HC714 para 24

2 Cmnd 8105

3 Cmnd 8175

24. The Department's officials confirmed this prospect when they referred to the Government's twin commitment to promote owner-occupation and to stem and reverse the decline in council rents as a proportion of earnings.¹ The Secretary of State also acknowledged that the Government's commitment to home-ownership involved "...an expensive incentive at the beginning in order to enable people to jump from a rented situation to the owning situation."² He disputed the level of disparity between the treatment of owner-occupiers and council tenants since the former currently receive higher mortgage tax relief due to high interest rates while a substantial number of the latter receive rent rebates.³ The Committee notes, however, that rent rebates are a means tested benefit analogous to social security, while tax relief on mortgage interest most emphatically is not. The Committee further notes that supplementary benefits are also received by certain owner-occupiers.

25. An investigation of the extent to which assistance with that "jump" required continued support to owner-occupiers throughout the whole of the average period of twenty-five to thirty years for which an owner-occupier has a mortgage would be outside the scope of this Report.

- 1 HC383-i Q.96
- 2 HC383-i Q.180
- 3 HC383-i Q.180

CHAPTER 7

THE TREATMENT OF DEBT REDEMPTION

26. In paragraphs 34 and 35 of its First Report, Session 1979/80,¹ the Committee recommended that the Comptroller and Auditor General should be invited to furnish the Committee with a minute of guidance on the question of the treatment in the White Paper of repayments of principal from the housing accounts of local authorities, new towns and the Scottish Special Housing Association. It seemed to the Committee that Table 2.7 of the White Paper overstated the cost of the housing programme in comparison with other programmes from which such trading accounts are excluded.

27. A Memorandum in reply was received from H M Treasury in June.² Therein it is agreed that "the total so defined (i.e. of housing expenditure shown in the White Paper) is slightly greater than the money required to finance housing through taxation or borrowing....." The extent of the overstatement described in the Committee's First Report, Session 1979/80 was £288 million out of £4,467 million in 1979/80 or 6 per cent. The Treasury have not disputed the overstatement in these figures, which they describe as "slight".

1 HC714

2 Appendices to Minutes of Evidence, pages

28. Whilst noting the Treasury's argument that the purpose of the White Paper is to assist in the control of public expenditure and that the presentation as it stands shows the totals to be controlled, the Committee remains of the view that its proposal in its First Report, Session 1979/80, in no way conflicts with the Treasury's objective. Indeed the totals to be controlled could be left intact if debt redemption were added as a separate line below "Total Capital Expenditure" and above "Total Programme". The Committee continues to believe that it is important that the money required to finance housing should not be overstated in Table 2.7 of the White Paper and invites the Treasury to correct this anomaly.

APPENDIX 1

WRITTEN EVIDENCE RECEIVED

WP1	B Kilroy Esq
WP2	National Council of Building Materials Producers
WP3	The Catholic Housing Aid Society
WP4	Association of County Councils Shelter
WP5	
WP6	The Royal Town Planning Institute
WP7	National Federation of Housing Associations
WP8	The Institution of Environmental Health Officers
WP9	National Housing and Town Planning Council
WP10	Department of the Environment
WP11	H M Treasury
WP12	Association of Metropolitan Authorities
WP13	D Webster Esq

APPENDIX 2: THE SUCCESS OF LOW-COST HOME-OWNERSHIP
INITIATIVES

A. "Improvement for Sale", Homesteading and Mortgage
Guarantee

(a) "Improvement for Sale"

This scheme existed in General Improvement Areas prior to the 1980 Housing Act, although that legislation widened the terms and conditions of its applicability.

	<u>Annualised Estimate</u>
£1.8m to cover 200 L.A. "Improvement for Sale" dwellings in 1980/81)
29 "Improvement for Sale" scheme sales by Housing Associations) 500
250 more in pipeline)

(b) "Homesteading"

This initiative allows local authorities to waive early mortgage interest payments for purchasers of unimproved homes along the lines of schemes pioneered by some local authorities. The 1980 Act clarified the legal position of the arrangements but this scheme cannot be considered wholly new.

740 unimproved dwellings sold by LAs on
homesteading lines between April and December 1980 1000

(c) Mortgage Guarantee

This scheme concerns the powers given under the Housing Act 1980 to local authorities and the Housing Corporation to guarantee mortgage advances made by building societies to individuals. Technically, this power has always existed since the Mortgage Guarantee Act 1950 but the Housing Act 1980 has served to remove any possible uncertainties and by highlighting its existence to make it potentially more effective.

50 mortgage guarantee agreements entered by LAs between April and December 1980	<u>100</u>
Total "Improvement for Sale" etc annualised	1,600
say,	<u>2,000</u>

B. "Building for Sale" Starter Homes and Partnerships

Schemes whereby local authorities offer builders a licence to build starter (or, indeed, any kind of) homes for nominated purchasers on council-owned land have been in operation for the durations of both this Government and its predecessor. The basic lines whereby the local authority and the builder can proceed have been incorporated into guidance and descriptive booklets produced by the Department's Housing Development Directorate before this Government came to power. Changes initiated by this Government include allowing capital receipts to contribute towards further housing investment and the provision of much greater publicity.

742 Partnership dwellings started in second half of 1980	2,000
--	-------

C. Shared Ownership Sales

This initiative was already established but was materially affected by this Government's actions concerns the availability of "shared ownership" mortgages for those first-purchasers who cannot afford the full initial mortgage repayment costs of a 100% mortgage but who could afford to pay, say, for half the price of a home whilst paying fair, subsidised rent for the other half. Again, this is an initiative which has been both more actively promoted by this Government through the low-cost home-ownership film and materially aided by the Housing Act which, in this case, removed a legal obstacle which had frustrated the progress of the preceding Government in promoting this form of tenure more strongly.

Local Authorities: England

1979		1980	Q1	180
	Q2	165	Q2	310
	Q3	100	Q3	155
	Q4	255	Q4	160
	—		—	

3 quarters
only 520

Annualised
'pro rata'

700

805

1,000

D. Home Purchase Assistance Loans

No material change has been made to the Home Loan Scheme of bonus and interest-free loans for first-purchasers who have met certain savings conditions. This scheme was introduced by the previous Government and, although in Opposition the present Government had expressed the hope of extending its provisions substantially, public expenditure constraints have obliged them to defer the implementation of those plans which were set out in their Election Manifesto. Some of the price limits for the scheme have been increased in order to make better allowance for regional differences but generally these have covered inflation rather than opening up the scheme to wider range of house purchase.

Six months 1 December 1980 - 1 June 1981

= 1,270 beneficiaries

3,000

PROCEEDINGS OF THE COMMITTEE

TUESDAY 28 JULY, 1981

Members present:

Mr Bruce Douglas-Mann, in the Chair

Mr Frank Dobson	Mr Norman Miscampbell
Mr Robert Dunn	Mr Nicholas Scott
Mr Reginald Freeson	Mr Robin Squire
Dr Brian Mawhinney	Mr David Winnick,

Draft Report on the Updating Enquiry into the Government's Housing Policy, proposed by the Chairman, brought up and read,

ORDERED, That the Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 7 read and agreed to.

Paragraph 8 read, as follows:

"8. The Committee notes the argument - used frequently in oral evidence by both the Department's officials and the Secretary of State - that the increased discretion given by this Government to local authorities, through the new capital allocation system and the incentives to maximise revenue and receipts, makes it no longer relevant to relate Government expenditure decisions or responsibility to the numbers of houses built and renovated. THE COMMITTEE IS NOT PERSUADED BY THIS ARGUMENT. AFTER TAKING ACCOUNT OF THE CHANGES IN LOCAL DISCRETION, WHICH ARE LIMITED IN THEIR EFFECT, THE COMMITTEE CONCLUDES THAT THEY ARE FAR OUTWEIGHED BY THE GOVERNMENT'S OVERALL HOUSING CUTS WHICH REMAIN THE OVER-RIDING CONSTRAINT ON THE HOUSING OUTPUT ACHIEVABLE IN THE PUBLIC SECTOR. THE COMMITTEE CONSIDERS THAT IT IS PART OF THE RESPONSIBILITY OF THE SECRETARY OF STATE TO INITIATE IMMEDIATELY AN ENQUIRY AS TO THE NUMBER, TYPE AND LOCATION OF THE PROBABLE OUTPUT OF NEW AND IMPROVED DWELLINGS IN THE PUBLIC SECTOR AND TO RELATE THIS TO ESTIMATED OUTPUT IN THE PRIVATE SECTOR, AND TO AN UPDATED ASSESSMENT OF HOUSING DEMAND IN BOTH SECTORS."

Amendment proposed, in line 8, to leave out from the word "renovated." to the word "AFTER" in line 9 - (Mr Robert Dunn).

Question, That the Amendment be made, put and negatived.

Another Amendment proposed, in line 14, to leave out from the word "COMMITTEE" to the end of the paragraph and to add the words:

"ASKS THE SECRETARY OF STATE TO CONSIDER HOLDING AN ENQUIRY AS TO THE NUMBER, TYPE AND LOCATION OF THE PROBABLE OUTPUT OF NEW AND IMPROVED DWELLINGS IN THE PUBLIC SECTOR." - (Mr Robert Dunn).

Question put, That the Amendment be made.

The Committee divided.

AYES, 2
Mr Robert Dunn
Dr Brian Mawhinney

NOES, 5
Mr Reginald Freeson
Mr Norman Miscampbell
Mr Nicholas Scott
Mr Robin Squire
Mr David Winnick.

Paragraph agreed to.

Paragraphs 9 and 10 read and agreed to.

Paragraph 11 read, as follows:

"The Right to Buy measures are, of course, likely to increase the numbers who can change from being tenants to become owner-occupiers of their existing homes. They will not, however, improve the opportunities of many other people who wish to move into different homes."

Amendment proposed, in line 3, to leave out from the word "homes." to the end of the paragraph. - (Mr Robert Dunn).

Question, That the Amendment be made, put and negatived.

Paragraph agreed to.

Paragraphs 12 to 19 read and agreed to.

Paragraph 20 read, as follows:

ANY "20. The Committee continues to believe that the projections of the numbers of new houses likely to be required which were made in the 1977 Green Paper on Housing Policy were soundly based and that they have been largely confirmed by developments. THE COMMITTEE BELIEVES THAT PROJECTIONS WHICH SOUGHT TO RECONCILE PRESENT LEVELS OF OUTPUT WITH AN UPDATED ASSESSMENT OF REQUIREMENTS WOULD HAVE TO ACCEPT EXPLICITLY HIGHER LEVELS OF OVERCROWDING, OF SUBSTANDARD HOUSING AND OF YOUNG PEOPLE BEING PREVENTED FROM FORMING NEW HOUSEHOLDS."

Amendment proposed, in line 7, to leave out the word "WOULD" and insert the word "MIGHT" - (Dr Brian Mawhinney).

The Committee divided.

AYES, 3
Mr Robert Dunn
Dr Brian Mawhinney
Mr Robin Squire

NOES, 4
Mr Reginald Freeson
Mr Norman Miscampbell
Mr Nicholas Scott
Mr David Winnick

Paragraph agreed to.

Paragraph 21 read, as follows:

"21. The Committee does not believe that the degree of speculative estimation which applied to one section of the Green Paper projections justifies the Government's continued dismissal of any housing requirement assessment as too speculative to merit consideration. It is hard to believe that any other major Department can put forward in Cabinet and inter-departmental negotiations, the arguments for its programme without an estimate of its requirements and of the consequences which would follow from different expenditure options. THE COMMITTEE CONSIDERS THAT THE LACK OF A PROPERLY RESEARCHED ASSESSMENT OF HOUSING REQUIREMENTS AND OF THE PROBABLE OUTPUT IN BOTH PUBLIC AND PRIVATE SECTORS, MAY WELL HAVE RESULTED IN HOUSING EXPENDITURE BEING TREATED AS A "RESIDUAL" ITEM OF PUBLIC EXPENDITURE RECEIVING WHAT IS LEFT AFTER OTHER EXPENDITURE PROGRAMMES HAVE BEEN MET. THE COMMITTEE BELIEVES THAT THE LEVEL OF SUCH EXPENDITURE SHOULD HAVE BEEN DETERMINED BY BALANCING THE NEED FOR HOUSING EXPENDITURE AGAINST THE COMPETING DEMANDS OF OTHER EXPENDITURE PROGRAMMES, IN THE CONTEXT OF THE GOVERNMENT'S ECONOMIC STRATEGY."

Amendment proposed, in line 5, after the word "consideration." to insert the words:

"The Committee believes that a reasonably accurate assessment of the level of demand for and probable supply of housing in the public and private sectors can and should be made: and that, even in the context of public expenditure reductions, and a judgment of "what the nation can afford", no balanced assessment can be made by Government of the resources which should be devoted to housing without this information." - (Mr David Winnick).

Question put, That the Amendment be made.

The Committee divided.

AYES, 2
Mr Reginald Freeson
Mr David Winnick

NOES, 5
Mr Robert Dunn
Dr Brian Mawhinney
Mr Norman Miscampbell
Mr Nicholas Scott
Mr Robin Squire

Another Amendment proposed, in line 5, to leave out from the word "consideration." to the end of the paragraph - (Mr Robert Dunn).

Question, That the Amendment be made, put and negatived.

Paragraph agreed to.

Paragraphs 22 to 24 read and agreed to.

Paragraph 25 read, as follows:

"25. An investigation of the extent to which assistance with that "jump" required continued support to owner-occupiers throughout the whole of the average period of twenty-five to thirty years for which an owner-occupier has a mortgage would be outside the scope of this Report. However, THE COMMITTEE IS CONCERNED THAT HOUSING SUBSIDY TO OWNER-OCCUPIERS SHOULD CONTINUE AT SO HIGH A LEVEL WHILE SUBSIDY TO COUNCIL TENANTS SEEMS LIKELY TO DECLINE SHARPLY."

Amendment proposed, in line 5, to leave out from the word "Report." to the end of the paragraph - (Dr Brian Mawhinney).

Question put, That the Amendment be made.

The Committee divided.

AYES, 4	NOES, 3
Mr Robert Dunn	Mr Reginald Freeson
Dr Brian Mawhinney	Mr Nicholas Scott
Mr Norman Miscampbell	Mr David Winnick
Mr Robin Squire	

Paragraph, as amended, agreed to.

Paragraph 26 read, as follows:

"26. IN THE HOPE THAT THE SECRETARY OF STATE SHARES THIS CONCERN, THE COMMITTEE URGES HIM NOT TO ACT SO AS TO INCREASE FURTHER THE DISPARITY IN SUBSIDY BETWEEN THE TWO SECTORS AND SPECIFICALLY URGES THE GOVERNMENT NOT TO INCREASE THE £25,000 MORTGAGE TAX RELIEF CEILING."

Question put, That the paragraph stand part of the Report.

The Committee divided.

AYES, 3	NOES, 4
Mr Reginald Freeson	Mr Robert Dunn
Mr Nicholas Scott	Dr Brian Mawhinney
Mr David Winnick	Mr Norman Miscampbell
	Mr Robin Squire

Paragraph disagreed to.

Paragraphs 27 to 29 (now paragraphs 26 to 28) read and agreed to.

RESOLVED, That the Report be the Third Report of the Committee to the House.

ORDERED, That the Chairman do make the Report to the House.

ORDERED, That the provisions of Standing Orders Nos 85 Select Committees (Reports) and 85A Witnesses and Evidence (Select Committees) be applied to the Report.

Several papers were ordered to be appended to the Minutes of Evidence.

The Committee deliberated.

[Adjourned till a day and
time to be fixed by the
Chairman



Prime Minister

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2 MARSHAM STREET
LONDON SW1P 3EB

This is for discussion

or MISC 62 - the outcome
will be reported to your cabinet.

My ref:

Your ref:

Misc 30/10

27

October 1981

Dear Secretary of State

MISC 62

This letter fulfils my undertaking at Cabinet on 20 October to write to colleagues about housing expenditure in 1982/83.

COUNCIL HOUSE RENTS

I first deal with the question of rents. In C(81)51, the Chief Secretary, Treasury, looks to increase the present average council house rent of £11.50 a week in England by £4 per dwelling per week. Colleagues should fully understand the implications of such an increase -

- a. any average increase across the country will produce a wide spread of average increases as between individual authorities; and an even wider spread of increases for particular tenants. If we assumed for housing subsidy and block grant purposes an average increase in rents of £4, we estimate that 66 authorities would have to make average weekly increases of over £5 with a few having to face increases approaching £10. The estimated impact for individual authorities of an average increase of £4 is set out in column 1 of Annex A. And even within those authorities charging an average weekly increase of £4 or less, many tenants would inevitably face increases of more than £5;
- b. the rent increases which have so far taken place under this Government have restored rents to a realistic and defensible level. However, a further £4 on rents would represent increases of 35% in cash terms and 23% in real terms over 1981/82 levels, following on a 40% cash increase in 1981/82. It would bring average rents to 11.7% of average male manual earnings - well above the previous post-war record of 9% in 1973;
- c. it would cause an immediate jump of 1% on the RPI in April which, because of the indexing process, could mean that public expenditure was actually increased by more than the economies made through rent increases. An increase of £4 in the level of council rents would, on current PESC conventions, reduce public expenditure in 1982/83 by approximately £600M, having allowed for rent

rebates and supplementary benefit. Against this, a 1% uprating of other benefits would cost approximately £270M. If, in addition, there were to be a 1% impact on the level of wage settlements there could be an additional £360M increase in total public sector wages;

d. rent assistance would cushion the impact on the lowest paid. But this does not extend far up the scale. A 2-child family with the head of household earning 5% below average adult male manual earnings receives no rent assistance. A pay increase of 4% next year, in line with our hopes for public sector pay, would leave this family with only an additional £3 per week, after tax and national insurance contributions. We have to consider the consequences of rent increase of £4 to such people who will also face other significant increases;

e. comparisons with the position in Scotland are becoming increasingly embarrassing. The average rent for a Scottish council house stands at about £7.60 in 1981/82, and even in 1982/83 may not reach the present English average of £11.50.

Colleagues will be aware that, as I have sought to bring local expenditure under tighter control, local government has become increasingly ready to challenge in the courts administrative decisions by central Government which they have previously been prepared to accept. The recent Camden case provides a good example. I believe there is a material risk that rent increases of £4 per week would provoke litigation, on the grounds that they are not 'reasonable' as they are required to be under the Housing Act 1957. I am consulting the Attorney General on this point, but I cannot for the moment be at all confident that the courts would not uphold such a challenge. For the great majority of authorities, rents will exceed the level required to balance the Housing Revenue Account, and cannot, therefore, be justified on grounds of local authorities' housing costs. Whilst the Housing Act 1980 allowed but did not compel authorities to charge 'profit rents' the linkage now established with the block grant system (which I explain further below) will enable authorities to claim that they are being given no option but to impose rent increases which they regard as unreasonable.

This indeed presents a major political difficulty over the direction our policy on rents will be seen to be taking. Any sizeable increase next year will raise rents to a point at which the great majority of authorities (over 300 out of 367, at £4) will be making profits on their Housing Revenue Account. Under present PESC conventions, these profits will count as an offset to housing expenditure, and thus serve to keep expenditure within provision, only if they are transferred to the general rate fund thus reducing the cost of ratepayers of local services other than housing. Rate support grant for the authorities concerned will be calculated on the assumptions that these profits are both generated and transferred to the GRF, and severe penalties in terms of increased rates may be imposed if this is not done. In effect, council tenants will be subsidising the services enjoyed by other local people. On present estimates, some 85 authorities will be meeting 25% or more of their ratefund expenditure from surpluses on council rents if rents rise on

average by £4 in 1982/83. In another year or two, with further rent increases, the entirety of some authorities' rate fund expenditure could be financed by HRA surpluses largely generated by the profits made from council rents.

I must stress that even our most loyal supporters in local government who have accepted many unpalatable decisions we have been obliged to take in the interests of our economic strategy will resist this policy bitterly. Local authorities which have made every effort to contain their expenditure in other ways nonetheless believe it to be indefensible that their tenants should be called upon to contribute towards the costs of, for example, collecting owner-occupiers' dustbins. It will, besides, undermine the goodwill we have generated on the council estates, by introduction of the right to buy and the Tenants' Charter. It is in my view imperative to seek an arrangement which extricates us from this difficulty while still applying pressure for rents to rise to whatever level we consider appropriate. I shall in the first instance write separately to the Chief Secretary about a possible solution, which whilst securing the level of HRA income via rents etc which we will agree in our collective PESC discussions as being realistic, would apply that income in at least as beneficial a manner as the current convention which requires a transfer to the GRF. I shall keep colleagues informed.

For all these reasons, I believe it would be wrong to look for average rent increases in 1982/83, of more than £1.50, or 13% cash. Even this figure would absorb 50% of the total increase in take-home pay which many council tenants can expect - see paragraph 2d above. The consequences for individual authorities are shown in column 2 of Annex A. On my Department's estimates, which are still highly provisional at this stage, the additional provision needed to reflect average rent increases of £1.50 a week as against the £4 a week proposed by the Chief Secretary is at least £375 million. The ultimate difference would probably be somewhat greater, since there is evidence that authorities' expenditure on managing and maintaining their housing stock is running ahead of provision in the current year. This level of expenditure must be reduced in line with our eventual reduction of local authority current expenditure generally, but some additional PESC provision on this account will be unavoidable.

HOUSING CAPITAL INVESTMENT

My Department now estimates that 1982/83 provision for housing capital investment could only be maintained at its 1981/82 level in real terms, within the original overall provision for housing expenditure set out in Command 8175, if average rent increases of £4 were assumed for 1982/83. Colleagues are rightly concerned by the extent to which, in recent years, capital programmes have been sacrificed to revenue. In no service has this been taken to greater lengths than in housing. Provision for housing investment in 1981/82 is already 45% in real terms below out-turn for 1979/80. This reduction amounts to 78% of the Government's total capital cuts since 1979/80.

From the viewpoint of housing policy alone, the cut-back represents a very serious decline in our ability to respond to a rapidly deteriorating situation. The total number of households in England is growing at a net rate of 150,000 a year. The growth of the housing stock is failing to keep pace. Public sector housing starts in 1980/81, at 39,000, were the lowest in peacetime since the early 1920s; private sector starts at 85,000 were the lowest since 1952/53; and demolitions are running at around 30,000 a year. Meanwhile, the numbers of dwellings falling into unfitness or serious disrepair is on the increase. We are allowing part of the enormous national asset represented by our existing dwelling stock risks to decline seriously.

I must stress that under our policies public investment in housing benefits the community as a whole, not merely the council tenants. The system of grants and loans to private people for improvement and repair of their houses is the main instrument in our drive to preserve the dwelling stock. With the present constraints on their investment resources local authorities are increasingly unable to afford more than the bare minimum of grants they are statutorily obliged to provide. The major reform of the grant system we carried through in 1980 is having correspondingly little effect. Another corner-stone of our policy is to encourage the spread of low-cost home ownership. Our programmes in this area - improvement for sale, homesteading, and shared ownership - are all critically dependent on a modest input of public expenditure.

There are however other important considerations lying outside the field of housing policy. The construction industry is a major employer particularly of young people. Unemployment in the industry is now running at 25%. In terms of job-creation, housing investment is the most cost-effective and fast-acting form of productive public investment available. In C(81)50, the Chancellor of the Exchequer estimated the average net public expenditure cost per job that would be created by an additional £1 billion of investment to be of the order of £20,000. As I set out in the

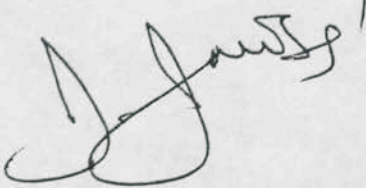
S E C R E T

Annex to my paper of 23 June 1981 (MISC 14(81)3) certain forms of housing investment could generate a substantial input from the private sector and produce figures that are much more favourable. For example, where a developer carries out a "shared ownership off the shelf" scheme for a local authority, net estimated cost to the Exchequer could be as low as £1,000 per job. By our ability to distribute housing resources geographically through our system of capital allocations to local authorities, we can also concentrate investment where it is most needed in terms both of housing conditions and of jobs.

I accept, however, that to press my original bid of an extra £200 m for capital investment in housing in 1982/3 cannot now be sustained in present economic circumstances. But I would judge some increase to be essential.

To summarise, I realise that the content of this letter presents colleagues with a number of difficult problems, but I do not believe I can reduce existing overall provision for housing expenditure in 1982/83 in the way the Chief Secretary has proposed.

I am copying this letter to the Prime Minister, to other members of the Cabinet, to the Chief Whip, the Paymaster General, and to Sir Robert Armstrong.

Yours sincerely


P.P. MICHAEL HESELTINE

Approved by the Secretary of State
and signed in his absence.

AVERAGE 1982/83 RENT INCREASES FOR INDIVIDUAL HOUSING AUTHORITIES

1. The following pages show, for each individual English housing authority*, what rent increase would be needed in 1982/83, taking account of its expenditure requirement assessed for block grant purposes on the method currently proposed, if the national average rent increase assumed for grant and subsidy were

- a) £4.00
- b) £1.50.

2. With a £4.00 average increase, the highest individual increase would need to be between ^{£9 and £10} ~~£7~~ Over 300 authorities should be able to generate surpluses on the Housing Revenue Account (HRA) totalling £380M. The remainder would need to subsidise the HRA by contributions from the general rate fund, also totalling £380M.

3. With a £1.50 average increase, the highest individual increase would need to be between £6, and £7. Around 250 authorities would still be able to generate HRA surpluses, totalling about £125M. The remaining authorities would need to subsidise the HRA by a total of around £420M.

4. The figures are based on as realistic a projection of each authority's HRA position for 1982/83 as can be obtained from the latest information on its 1981/82 position, together with latest Treasury assumptions on pay, prices and interest rates; the result is necessarily however approximate. They show the rent that would be required if the authority's HRA surplus or contribution from rate fund matched the figure calculated for the authority (the 'GRE assessment') for purposes of the 1982/83 grant distribution. The authority could in practice levy a lower average rent increase if:-

- i) it spent correspondingly less on managing or maintaining

*except for a few for which the available data are thought to be unreliable.

its stock than has been assumed in the calculations or

- ii) it were to sell more council houses than had been assumed or
- iii) it were prepared to face the heavy penalty in terms of increased rates that would follow from failure to achieve the surplus, or contain its contribution to HRA to the level, implied by its GRE assessment.

Name of Housing Authority	Rent Increase Needed £4.00 Average Increase	Rent Increase Needed £1.50 Average Increase
<u>Avon</u>		
Bath	£ 2.35	£ 0.32
Bristol	£ 3.04	£ 0.96
Kingswood	£ 0.03	£ -2.22
Northavon	£ 3.78	£ 1.60
Wansdyke	£ 4.36	£ 1.69
Woodspring	£ 3.39	£ 1.58
<u>Bedfordshire</u>		
North Bedfordshire	£ 4.90	£ 2.39
Luton	£ 4.97	£ 1.88
Mid Bedfordshire	£ 3.88	£ 1.58
South Bedfordshire	£ 5.00	£ 1.89
<u>Berkshire</u>		
Bracknell	£ 4.15	£ 1.06
Newbury	£ 3.84	£ 2.21
Reading	£ 5.85	£ 2.75
Slough	£ 1.81	£ -0.25
Windsor and Maidenhead	£ 4.72	£ 2.54
Wokingham	£ 1.13	£ -1.92
<u>Buckinghamshire</u>		
Aylesbury Vale	£ 3.91	£ 1.28
South Bucks	£ 4.89	£ 3.01
Chiltern	£ 5.10	£ 2.54
Milton Keynes	£ 5.31	£ 2.64
Wycombe	£ 3.68	£ 0.58
<u>Cambridgeshire</u>		
Cambridge	£ 3.72	£ 1.79
East Cambridgeshire	£ 4.24	£ 1.66
Fenland	£ 3.53	£ 0.94
Huntingdon	£ 4.51	£ 2.07
Peterborough	£ 5.23	£ 2.97
South Cambridgeshire	£ 2.15	£ 0.27
<u>Cheshire</u>		
Chester	£ 4.96	£ 2.42
Conington	£ 3.42	£ 1.17
Crewe and Nantwich	£ 4.31	£ 1.99
Ellesmere Port and Neston	£ 4.31	£ 1.60
Halton	£ 2.97	£ 0.66

Name of Housing Authority	Rent Increase Needed	Rent Increase Needed
Macclesfield	£ 5.24	
Vale Royal	£ 4.43	£ 2.66
Warrington	£ 3.65	£ 1.84
		£ 1.13
<u>Cleveland</u>		
Hartlepool	£ 3.98	
Lansburgh	£ 5.17	£ 1.63
Middlesbrough	£ 3.84	£ 2.09
Stockton-on-Tees	£ 2.31	£ 1.29
		£ 0.89
<u>Cornwall</u>		
Caradon	£ 4.56	
Carrick	£ 3.04	£ 1.50
Kerrier	£ 3.39	£ 0.83
North Cornwall	£ 3.66	£ 1.38
Penwith	£ 3.72	£ 1.33
Restormel	£ 3.27	£ 1.10
		£ 1.48
<u>Cumbria</u>		
Allerdale	£ 4.83	£ 1.79
Barrow in Furness	£ 3.21	£ 0.99
Carlisle	£ 5.15	£ 2.64
Copeland	£ 5.31	£ 2.86
Eden	£ 5.53	£ 2.78
South Lakeland	£ 4.51	£ 1.82
<u>Derbyshire</u>		
Amber Valley	£ 4.52	£ 1.44
Bolsover	£ 4.49	£ 2.23
Chesterfield	£ 4.00	£ 1.87
Derby	£ 4.20	£ 2.39
Erewash	£ 4.65	£ 1.74
High Peak	£ 4.59	£ 1.50
North East Derbyshire	£ 2.93	£ 0.87
South Derbyshire	£ 3.71	£ 1.44
West Derbyshire	£ 4.54	£ 1.43
<u>Devon</u>		
East Devon	£ 3.77	£ 2.21
Exeter	£ 3.44	£ 1.29
North Devon	£ 5.09	£ 2.20
Plymouth	£ 3.62	£ 1.15
South Hams	£ 3.70	£ 0.60
Taunbridge	£ 4.34	£ 2.00
Mid Devon	£ 3.89	£ 1.96

Name of Housing Authority	Rent Increase Needed	Rent Increase Needed
Torbay	£ 3.05	
Torrifdæ	£ 4.38	£ 0.72
West Devon	£ 4.70	£ 1.77
		£ 1.97
<u>Dorset</u>		
Bournemouth	£ 4.56	
Christchurch	£ 4.38	£ 1.49
North Dorset	£ 3.44	£ 2.61
Poole	£ 5.13	£ 0.92
Purbeck	£ 4.74	£ 3.23
West Dorset	£ 4.36	£ 2.01
Weymouth and Portland	£ 4.49	£ 2.41
Wimbourne	£ 2.83	£ 2.35
		£-1.03
<u>Durham</u>		
Chester-le-Street	£ 3.25	
Darlington	£ 6.41	£ 1.09
Derwentside	£ 5.36	£ 3.38
Durham	£ 4.81	£ 3.77
Easington	£ 3.03	£ 3.81
Sedæfield	£ 4.95	£ 1.01
Teesdale	£ 4.95	£ 1.96
Wear Valler	£ 5.07	£ 2.01
	£ 3.30	£ 0.99
<u>East Sussex</u>		
Brighton	£ 1.75	£-1.16
Eastbourne	£ 2.99	£-0.17
Hastings	£ 6.03	£ 3.00
Hove	£ 4.25	£ 1.54
Lewes	£ 3.77	£ 0.70
Rother	£ 4.54	£ 2.16
Wealden	£ 3.73	£ 0.66
<u>Essex</u>		
Basildon	£ 4.95	£ 1.89
Braintree	£ 5.13	£ 2.88
Brentwood	£ 4.07	£ 1.57
Castle Point	£ 5.47	£ 3.08
Chelmsford	£ 3.61	£ 1.21
Colchester	£ 3.11	£ 0.12
Epping Forest	£ 5.43	£ 1.67
Harlow	£ 3.53	£ 2.21
Maldon	£ 4.03	£ 1.34
Rochford	£ 5.73	£ 2.74
Southend-on-Sea	£ 2.43	£-0.59
Tendring	£ 4.63	£ 1.52

Name of Housing Authority	Rent Increase Needed	Rent Increase Needed
Thurrock	£ 3.04	£ 1.19
Uttlesford	£ 2.88	£ 0.54
<u>Gloucestershire</u>		
Cheltenham	£ 4.42	£ 1.97
Cotswold	£ 4.14	£ 2.18
Forest of Dean	£ 5.27	£ 2.69
Gloucester	£ 3.19	£ 1.39
Stroud	£ 4.23	£ 2.54
Tewkesbury	£ 3.25	£ 1.33
<u>Hampshire</u>		
Basinstoke and Deane	£ 4.51	£ 1.40
East Hampshire	£ 3.46	£ 0.38
Eastleigh	£ 3.94	£ 1.52
Fareham	£ 4.90	£ 2.21
Gosport	£ 4.99	£ 1.92
Hart	£ 4.63	£ 2.66
Havant	£ 1.56	£ -1.52
New Forest	£ 3.75	£ 1.69
Portsmouth	£ 2.25	£ -0.09
Rushmoor	£ 2.51	£ 0.07
Southampton	£ 3.69	£ 2.06
Test Valley	£ 5.32	£ 2.17
Winchester	£ 4.61	£ 2.37
<u>Hereford and Worcester</u>		
Bromsgrove	£ 5.06	£ 2.41
Hereford	£ 3.07	£ 1.76
Leominster	£ 4.94	£ 3.12
Malvern Hills	£ 5.19	£ 2.14
Redditch	£ 4.29	£ 1.18
South Herefordshire	£ 6.48	£ 3.35
Worcester	£ 2.93	£ 1.20
Wychavon	£ 5.20	£ 2.09
Wyre Forest	£ 4.40	£ 1.48
<u>Hertfordshire</u>		
Broxbourne	£ 1.22	£ -1.92
Dacorum	£ 3.35	£ 1.28
East Hertfordshire	£ 3.09	£ 1.00
Hertsmere	£ 1.80	£ 0.33
North Hertfordshire	£ 4.02	£ 1.68
St Albans	£ 4.02	£ 3.01
Stevenage	£ 4.59	£ 1.55
Three Rivers	£ 3.38	£ -0.55
	£ 2.04	

Name of Housing Authority	Rent Increase Needed	Rent Increase Needed
Watford	£ 2.14	£ 0.75
Welwyn Hatfield	£ 4.49	£ 2.56
<u>Humberside</u>		
Beverley	£ 4.32	£ 1.79
Boothferry	£ 4.90	£ 2.28
Cleethorpes	£ 4.66	£ 2.03
Glanford	£ 4.64	£ 2.19
Great Grimsby	£ 4.01	£ 0.93
Holderness	£ 4.54	£ 1.98
Kineston upon Hull	£ 5.01	£ 2.45
North Wolds	£ 4.35	£ 1.27
Scunthorpe	£ 2.92	£ -0.17
<u>Isle of Wight</u>		
Medina	£ 6.18	£ 3.11
South Wight	£ 4.29	£ 1.22
<u>Kent</u>		
Ashford	£ 4.71	£ 1.62
Canterbury	£ 3.69	£ 1.48
Dartford	£ 1.19	£ -1.34
Dover	£ 3.82	£ 1.31
Gillingham	£ 4.19	£ 1.10
Gravesham	£ 4.43	£ 1.39
Maidstone	£ 3.30	£ 0.50
Rochester upon Medway	£ 2.57	£ -0.03
Sevenoaks	£ 4.75	£ 1.67
Sherway	£ 3.93	£ 1.30
Swale	£ 5.11	£ 2.78
Thanet	£ 4.56	£ 1.51
Tonbridge and Malling	£ 2.42	£ 0.71
Tunbridge Wells	£ 4.85	£ 2.94
<u>Lancashire</u>		
Blackburn	£ 3.82	£ 0.73
Blackpool	£ 3.23	£ 0.76
Burnley	£ 5.41	£ 2.69
Chorley	£ 5.52	£ 2.71
Fylde	£ 5.52	£ 2.53
Fylde	£ 5.16	£ 1.26
Hyndburn	£ 4.25	£ 2.55
Lancaster	£ 5.09	£ 1.46
Pendle	£ 4.00	£ 2.12
Preston	£ 3.89	£ 1.23
Ribble Valley	£ 3.53	£ 2.07
Rossendale	£ 4.79	

Name of Housing Authority	Rent Increase Needed	Rent Increase Needed
South Ribble	£ 4.82	
West Lancashire	£ 5.77	£ 1.80
Wyre	£ 3.80	£ 3.12
<u>Leicestershire</u>		
Blaby	£ 5.18	
Charnwood	£ 3.81	£ 2.34
Harborough	£ 4.09	£ 1.21
Hinckley and Bosworth	£ 4.38	£ 1.91
Leicester	£ 4.61	£ 2.65
Melton	£ 3.96	£ 1.54
North West Leicestershire	£ 4.84	£ 2.20
Oadby and Wigston	£ 4.19	£ 2.34
Rutland	£ 4.00	£ 1.68
		£ 2.12
<u>Lincolnshire</u>		
Boston	£ 2.67	
East Lindsey	£ 4.33	£ 0.54
Lincoln	£ 2.19	£ 1.81
North Kesteven	£ 4.34	£ 0.35
South Holland	£ 3.68	£ 1.74
South Kesteven	£ 4.55	£ 1.10
West Lindsey	£ 5.33	£ 2.43
		£ 2.72
<u>Norfolk</u>		
Breckland	£ 2.84	£ 1.02
Broadland	£ 3.90	£ 1.98
Great Yarmouth	£ 4.03	£ 2.05
North Norfolk	£ 4.34	£ 2.29
Norwich	£ 2.98	£ 0.69
South Norfolk	£ 3.35	£ 1.03
West Norfolk	£ 3.64	£ 1.22
<u>Northamptonshire</u>		
Corby	£ 4.32	£ 1.84
Daventry	£ 4.12	£ 2.51
East Northamptonshire	£ 4.13	£ 1.57
Kettering	£ 4.55	£ 1.77
Northampton	£ 3.84	£ 0.76
South Northamptonshire	£ 4.86	£ 2.25
Wellingborough	£ 4.90	£ 1.80

Name of Housing Authority	Rent Increase Needed	Rent Increase Needed
<u>Northumberland</u>		
Alnwick	£ 4.51	
Berwick-upon-Tweed	£ 3.50	£ 1.54
Blyth-Valley	£ 2.45	£ 0.42
Castle Morpeth	£ 6.41	£ -0.47
Tynedale	£ 4.12	£ 2.88
Wansbeck	£ 3.68	£ 1.85
		£ 1.88
<u>North Yorkshire</u>		
Craven	£ 5.17	
Hambleton	£ 4.37	£ 2.17
Harrogate	£ 4.26	£ 2.10
Richmondshire	£ 4.77	£ 2.08
Ryedale	£ 3.84	£ 1.97
Scarborough	£ 4.35	£ 1.59
Selby	£ 4.85	£ 1.77
York	£ 4.88	£ 1.58
		£ 2.42
<u>Notttinghamshire</u>		
Ashfield	£ 4.94	£ 2.71
Bassetlaw	£ 5.74	£ 2.65
Broxtowe	£ 3.97	£ 0.88
Gedling	£ 4.45	£ 2.02
Mansfield	£ 2.74	£ -0.35
Newark	£ 3.64	£ 1.82
Notttingham	£ 4.47	£ 1.91
Rushcliffe	£ 4.11	£ 1.00
<u>Oxfordshire</u>		
Cherwell	£ 3.59	£ 1.94
Oxford	£ 5.56	£ 2.47
South Oxfordshire	£ 2.93	£ 1.01
Vale of White Horse	£ 4.28	£ 2.09
West Oxfordshire	£ 4.09	£ 1.95
<u>Shropshire</u>		
Bridenorth	£ 4.72	£ 2.14
North Shropshire	£ 4.11	£ 2.30
Oswestry	£ 4.10	£ 1.82
Shrewsbury and Atcham	£ 3.09	£ 0.56
South Shropshire	£ 5.63	£ 2.53
The Wrekin	£ 4.45	£ 1.36

Name of Housing Authority	Rent Increase Needed	Rent Increase Needed
<u>Somerset</u>		
Mendip	£ 4.92	
Sedgemoor	£ 3.79	£ 1.99
Taunton Deane	£ 4.63	£ 1.83
West Somerset	£ 4.84	£ 1.55
Yeovil	£ 3.82	£ 1.85
		£ 1.69
<u>Staffordshire</u>		
Cannock Chase	£ 4.59	
East Staffordshire	£ 3.12	£ 2.63
Lichfield	£ 4.10	£ 0.59
Newcastle-under-Lyme	£ 3.45	£ 1.89
South Staffordshire	£ 4.72	£ 1.24
Stafford	£ 3.73	£ 2.51
Staffordshire Moorlands	£ 2.41	£ 1.45
Stoke-on-Trent	£ 3.93	£-0.13
Tamworth	£ 4.83	£ 1.54
		£ 1.72
<u>Suffolk</u>		
Babersgh	£ 3.71	£ 1.87
Forest Heath	£ 4.49	£ 1.39
Ipswich	£ 3.13	£ 0.68
Mid Suffolk	£ 4.16	£ 2.00
St Edmundsbury	£ 3.61	£ 2.05
Suffolk Coastal	£ 3.24	£ 1.57
Waveney	£ 5.60	£ 3.03
<u>Surrey</u>		
Elmbridge	£ 4.27	£ 1.19
Epsom and Ewell	£ 1.53	£-1.49
Guildford	£ 2.05	£-0.39
Mole Valley	£ 4.20	£ 1.83
Reigate and Banstead	£ 4.42	£ 1.84
Runnymede	£ 4.31	£ 1.71
Spelthorne	£ 2.49	£-0.17
Surrey Heath	£ 4.08	£ 1.84
Tandridge	£ 3.53	£ 1.13
Waverley	£ 4.26	£ 1.99
Woking	£ 3.86	£ 0.81
<u>Warwickshire</u>		
North Warwickshire	£ 4.34	£ 2.32
Nuneaton	£ 4.63	£ 2.30
Rusby	£ 5.71	£ 2.60

Name of Housing Authority	Rent Increase Needed	Rent Increase Needed
Stratford on Avon	£ 3.73	
Warwick	£ 4.00	£ 1.38
<u>West Sussex</u>		
Adur	£ 4.55	
Arun	£ 4.70	£ 1.77
Chichester	£ 4.34	£ 1.63
Crawley	£ 7.02	£ 1.49
Horsham	£ 3.36	£ 3.95
Mid Sussex	£ 4.90	£ 1.10
Worthing	£ 4.47	£ 1.89
		£ 1.56
<u>Wiltshire</u>		
Kennet	£ 4.62	
North Wiltshire	£ 3.90	£ 2.76
Salisbury	£ 3.35	£ 1.32
Thamesdown	£ 4.53	£ 1.30
West Wiltshire	£ 3.79	£ 1.48
		£ 1.26
<u>Greater Manchester</u>		
Bolton	£ 4.10	
Bury	£ 4.64	£ 1.76
Manchester	£ 7.53	£ 2.26
Oldham	£ 5.14	£ 4.46
Rochdale	£ 4.98	£ 2.06
Salford	£ 6.24	£ 1.92
Stockport	£ 2.45	£ 3.18
Tameside	£ 3.65	£ 0.46
Trafford	£ 4.38	£ 0.78
Wigan	£ 4.40	£ 2.03
		£ 2.23
<u>Merseyside</u>		
Knowsley	£ 1.95	£ 0.09
Liverpool	£ 2.94	£ -0.17
St Helens	£ 4.52	£ 2.30
Sefton	£ 3.44	£ 0.87
Wirral	£ 2.63	£ 0.20
<u>South Yorkshire</u>		
Barnsley	£ 3.31	£ 1.23
Doncaster	£ 4.70	£ 2.26
Rotherham	£ 3.41	£ 1.10
Sheffield	£ 5.61	£ 3.90

Name of Housing Authority	Rent Increase Needed	Rent Increase Needed
<u>Tyne and Wear</u>		
Gateshead	£ 3.84	
Newcastle upon Tyne	£ 5.02	£ 1.56
North Tyneside	£ 4.36	£ 1.93
South Tyneside	£ 5.12	£ 1.26
Sunderland	£ 3.91	£ 3.27
		£ 1.70
<u>West Midlands</u>		
Birmingham	£ 5.54	£ 2.41
Coventry	£ 3.79	£ 1.10
Dudley	£ 3.19	£ 1.60
Sandwell	£ 2.84	£ 0.71
Solihull	missing	missing
Walsall	£ 3.55	£ 1.60
Wolverhampton	£ 4.09	£ 1.29
<u>West Yorkshire</u>		
Bradford	£ 4.73	£ 1.89
Calderdale	£ 3.78	£ 1.80
Kirklees	£ 3.76	£ 1.75
Leeds	£ 2.92	£ 0.97
Wakefield	£ 3.16	£ 1.22
<u>Greater London</u>		
Greater London general	missing	missing
City of London	missing	missing
Camden	£ 9.67	£ 6.58
Greenwich	£ 7.10	£ 4.18
Hackney	missing	missing
Hammersmith and Fulham	£ 3.39	£ 0.36
Islington	£ 6.21	£ 3.14
Kensington and Chelsea	£ 1.89	£-0.98
Lambeth	£ 7.68	£ 4.65
Lewisham	£ 9.74	£ 6.66
Southwark	£ 3.37	£ 0.51
Tower Hamlets	missing	missing
Wandsworth	£ 0.24	£-2.67
Westminster	£ 5.27	£ 2.31
Barking and Dagenham	£ 4.33	£ 1.77
Barnet	£ 3.11	£-0.00
Bexley	£ 3.15	£ 0.60
Brent	£ 7.32	£ 4.25
Bromley	£ 2.52	£ 0.74
Croydon	£ 5.92	£ 2.85
Ealing	£ 2.68	£-0.36

Name of Housing Authority	Rent Increase Needed	Rent Increase Needed
Enfield	£ 4.72	£ 1.64
Haringer	£ 8.11	£ 5.02
Harrow	£ 1.45	£ -1.55
Havering	£ 0.60	£ -1.28
Hillingdon	£ 3.96	£ 0.86
Hounslow	£ 9.03	£ 5.93
Kinaston-upon-Thames	£ 2.48	£ 0.74
Merton	£ 2.00	£ -0.97
Newham	£ 3.14	£ 5.08
Redbridge	£ 3.79	£ 0.74
Richmond-upon-Thames	£ 3.33	£ 0.32
Sutton	£ 0.57	£ -1.74
Waltham Forest	£ 9.47	£ 6.39

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