PREM 19/2429

Part 14. SECRET MT.

Confidential Filing.

HOUSING POLICY

HOUSING BILL.

HOUSING

Part 1: May 1979.

Part 14: Jan 1989

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~5.1.89.~~							
~~13.1.89~~ PA							
16.1.87							
~~3/2/89~~							
~~18/9/84~~							
~~13.2.89~~							
~~15.2.89~~							
27.2.89							
ENDS							

PREM 19/2729

PART 14 ends:-

SS walking to CSL 28-2-89

PART 15 begins:-

PG to PM 2-3-89

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switsfwrdd)
01-270 (Llinell Union)
Oddi wrth Ysgrifennydd Gwladol Cymru

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switchboard)
01-270 (Direct Line)
From The Secretary of State for Wales

CONFIDENTIAL

The Rt Hon Peter Walker MBE MP

CT/4153/89

28 February 1989

PRIVATISATION OF COUNCIL HOUSING: TERMS OF SALE

I write in support of Nicholas Ridley's proposal, in his letter of 8 February, that local authorities be permitted - provided they have a good case - to make grants to new landlords to acquire their stock.

Without have particular arrangement in mind at present, I think that a certain degree of flexibility will prove useful in ensuring that the first generation of new landlords are financially robust, and can provide an attractive alternative for tenants. Small sums either way could have a disproportionate impact, at the margin.

Copies of this letter go to the Prime Minister, Nicholas Ridley, John Moore, Malcolm Rifkind and Sir Robin Butler.

The Rt Hon John Major MP
Secretary to the Treasury
Parliament Street
LONDON SW1P 3AG

CONFIDENTIAL

HOUSING : POLICY PT14



cst.ps/3jm27.2/drfts

CONFIDENTIAL

B

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Department of the Environment
2 Marsham Street
London
SW1P 3EB

27th. **February 1989**

Dear Nick,

PRIVATISATION OF COUNCIL HOUSING - TERMS OF SALE

Thank you for your letter of 8 February.

As you will no doubt appreciate in the light of my letter of 20 February on the Sevenoaks case, in which I called for further analysis of the wider issues, I believe your proposal on the terms of sale, which would tend to increase the numbers of large-scale disposals, should be considered by officials as part of that further work. It may be right to proceed as you suggest but we should not rush to judgement until we can see the issues in the round.

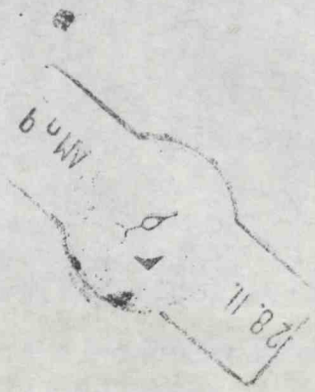
That said, I have a number of misgivings about your proposal. First , it would appear to undermine the rule DOE have followed since the Sheffield case that local authority grants to privately-let housing outside the Home Improvement Grant scheme should be for new-build only, leaving the Housing Corporation to consider applications for aid for refurbishment etc. This raises issues both of general control and value for money. Second, to offer the purchaser money up-front through a discounted price must make it difficult to ensure that work to the value of the discount is carried out. I am not clear how confident you can be that the work would be undertaken on the option you propose. What if the housing association could not get finance for work to the full value of the discount? It would presumably be equally difficult for it to finance a refund of the discount to the council.

I suggest officials cover these issues and others which may arise on fuller consideration in their report back to us.

I am copying this letter to the Prime Minister, John Moore, Malcolm Rifkind, Peter Walker and to Sir Robin Butler.

Yours Ever, John

JOHN MAJOR



lg2.ds/wood/drafts/25

CONFIDENTIAL

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
2 Marsham Street
London
SW1P 3EB

27th February 1989

Dear Nick,

COUNCIL HOUSE RENTS

I promised to write to you following the Prime Minister's meeting last week to flesh out the suggestion I made for achieving the substance of your proposals while avoiding the presentational disadvantages of capital value rents. As you know, although I was concerned at the misapprehensions that may arise from publishing capital value rents (and the misuse that could be made of them) I did strongly agree with your aims of:

(a) linking rents to the market in housing, differentiating between districts; and

(b) bearing less hard on districts where higher rents were already being charged.

I start from the presumption we can continue to justify further modest annual real increases, on average, in council rents. What that average increase should be is a separate question. The immediate problem we have is to find a system to distribute that increase fairly, taking account of councils' existing rent policies and local market conditions, which would carry conviction.

The broad outline of what I have in mind is that we should establish a set of factors to adjust the average real increase so that the increase in individual districts would be higher or lower than the average according to the local circumstances. For illustration, one might have a set of three factors, 0, 1 and 2.

Then district housing authorities would be sorted into three groups. Those which were charging rents well below what they should would be in Group 1, to which factor 2 was applied, ie their subsidy would be calculated on the assumption that they levied double (in this illustration) the average real rent increase. Those which were charging rents close to what they should be would be in Group 3 with factor 0, ie they would be assumed to increase rents in line with inflation. The rest would be Group 2, assumed to levy the average real rent increase. Having only three groups may be too crude, although of course a given district might change group from year to year if circumstances warranted it. We could have more groups, with a finer gradation, if further study suggested that was desirable.

The difficult and debatable underlying assumptions about capital values and rates of return, etc, would then contribute to the very broad-brush judgement about what the average real increase for the year in question should be and about which group districts would be assigned to for the calculation of subsidy for the year in question. I see no need to calculate explicitly a "capital value rent" for this purpose. You could for example rank districts according to the difference between a rate of return on private housing in the area and the rate of return implied by the actual rent. There are a number of alternatives and I expect we can improve on this.

I recognise that a scheme on those lines would mean we should have to defend judgements on the average real increase and on the allocation of districts to one group or another when there will no doubt be awkward borderline cases. However, I believe such a scheme would be worth further study since it would avoid calculation of explicit capital value rents and since it could be shown to be an improvement on the present system whereby the guideline rent assumption is not varied according to local circumstances.

I hope these suggestions are helpful in finding a way forward. Needless to say, if I or my officials can help in any way we will be happy to do so.

I am copying this letter to the Prime Minister, to Peter Walker, Malcolm Rifkind and John Moore, and to Sir Robin Butler.

Yours Ever,
John

JOHN MAJOR

28 NOV

dti

the department for Enterprise

GCPU

The Rt. Hon. Tony Newton OBE, MP
Chancellor of the Duchy of Lancaster and
Minister of Trade and Industry

Rt Hon Nicholas Ridley MP
Secretary of State
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

Department of Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5147
Our ref
Your ref
Date 27 February 1989

NBBM
PRC6
27/2

Dear Nick.

RIGHT TO BUY: DELAYS

Thank you for copying me your letter of 15 February to the Prime Minister. I share your concern about the delays in processing right to buy applications in inner city areas, particularly in the London boroughs you mention, and I support the action you are taking. I would be interested to know its results in due course.

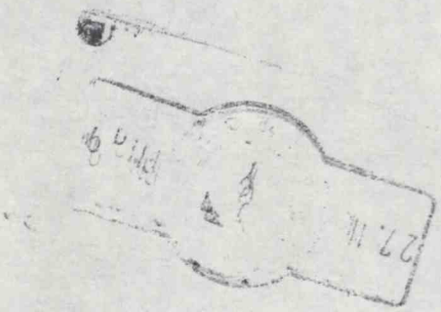
I am copying this letter to members to E(UP), E(LF) and to Sir Robin Butler.

Yours ever.
Tony.

TONY NEWTON

LINABK

HOUSING: Policy Pt 14



PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

24 February 1989

Dear Secretary of State

ANDREW WELSH'S HOUSING ASSSOCIATIONS (ACCESS TO INFORMATION) BILL

Thank you for your letters of 13 and 17 February setting out your proposals for handling Andrew Welsh's Housing Associations (Access to Information) Bill.

John Moore wrote in response to your first letter suggesting that, if the Bill were not to be blocked at Second Reading, drafting assistance might need to be offered since it would be awkward to block the Bill at Report Stage. I understand that he is content with your subsequent proposal that the Bill should in fact be blocked at Second Reading.

No other colleague has commented and you may take it therefore that you have H Committee's agreement that the Bill should continue to be blocked at Second Reading. We shall make the necessary arrangements to secure this.

I am copying this letter to the Prime Minister, to members of H and L Committees, to Richard Luce and to Sir Robin Butler and First Parliamentary Counsel.

Yours sincerely

pp JOHN WAKEHAM

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment

cc PM

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

24 February 1989

Dear Secretary of State

ANDREW SMITH'S HOUSES IN MULTIPLE OCCUPATION (FIRE SAFETY INFORMATION) BILL

Thank you for your letter of 15 February setting out your proposals for handling Andrew Smith's Houses in Multiple Occupation (Fire Safety Information) Bill which seeks to give a right of access to fire certificates to all occupants of houses in multiple occupation and to occupants of hotels and boarding houses.

At the time you wrote it appeared that the Bill would only cover houses in multiple occupation and, on that basis, you proposed that the Government should adopt a neutral stance. However, when it became clear that the Bill would also extend to hotels and boarding houses, Douglas Hurd wrote saying that, while he would have been content with a line of neutrality towards a Bill confined to houses in multiple occupation, he felt that the Bill which in the event had emerged should be blocked. I understand that you are content with this approach.

No other colleague has commented and you may therefore take it that H Committee agree that the Bill should be blocked at Second Reading in the Commons.

I am copying this letter to the Prime Minister, members of H and L Committees, Richard Luce, Sir Robin Butler and First Parliamentary Counsel.

Yours sincerely

pp JOHN WAKEHAM

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment

CONFIDENTIAL

FILE L04 AYQ

cc: W.O.
S.O.
O.S.S.
Ch. Sec.
R. Wilson, Cab. O.
T. Wooley, Cab. O.
A.W.
B Griffiths

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

24 February 1989

SUBJECT cc MASTER

Dear Rope,

COUNCIL HOUSING RENTS

The Prime Minister held a meeting on 22 February to discuss your Secretary of State's minute of 17 February. Those present were your Secretary of State, the Secretaries of State for Wales, Scotland and Social Services, the Chief Secretary, Treasury, Professor Brian Griffiths (Policy Unit), and Richard Wilson and Andrew Wells (Cabinet Office).

I would be grateful if you and other copy recipients would ensure that this record of the discussion is seen only by those with a clear need to know.

Your Secretary of State said that the Local Government and Housing Bill which was currently before Parliament made provision for a new financial regime for local authority housing to apply from 1 April 1990. Councils would continue to determine their own rents, but the assumptions about rent levels which were incorporated in the new subsidy determinations would be a strong financial influence on their decisions. The Government were coming under increasing pressure to set out the basis on which these assumptions would be made. The Commons Committee Stage of the Bill was starting shortly and the Government might well lose the initiative on this issue if Ministers could not set out detailed proposals. The problem would become even more acute later in the year when the new rent assumptions had to be set for the first time. The paper attached to his minute therefore set out proposals based on the principle of a gradual and controllable movement towards capital-value rents. The system would be flexible enough to allow the Government to take annual decisions in the light of other factors, particularly the implications for housing benefit and for public expenditure.

In discussion the following main points were made:-

(a) There were strong arguments against any system of rent based on the capital values of council houses. House prices were constantly changing, resulting in a moving target for any rent system based on them. Moreover, full capital-value rents would clearly be very high in some areas and would not be attainable in the short to medium

MRM

term, if at all. The mere publication of such figures could be used to create undue alarm among tenants. Capital-value rents would also be inconsistent with Government's rejection of capital values as the basis for rates.

(b) What was needed was an equitable system which set attainable rents for each local authority. Such a system would need to reflect local factors, including conditions in the local housing market and the rents set by adjacent authorities. But it would also need to recognise that the starting point was existing rent levels, which had often been kept much too low. The scheme would need to incorporate a reasonable rate of movement towards more sensible rent levels, to avoid alarming tenants and to give them time to adjust. Tenants would be more likely to tolerate rent increases if the reasons given were ones which they accepted such as the need for better maintenance or the phasing out of subsidies by ratepayers. But those who had been paying council house rents for 25 years would still feel a sense of grievance.

(c) The Government needed to develop a concept and terminology which tenants would accept as reasonable. One particularly attractive option would be to build on the concept of "fair rents" which applied to long-standing private sector lettings. Such an approach could still take account of factors such as the scarcity of lettings in the local market. Another option would be to build on rents in the housing association sector.

(d) It would be best to decide on the rent assumption to be used each year in the public expenditure round rather than to set out rigid aims extending over a run of years. That would avoid publishing medium-term rent targets which would be misused by opponents of the scheme. It would also provide the flexibility to take annual decisions in the light of the implications for public expenditure and housing benefits.

(e) Under the new financial regime incorporated in the Bill an increase in rents would always result in a reduction in Government subsidy to council housing, provided some tenants paid their own rents. The present perverse position under which higher rents could lead to an increase in Exchequer spending would end. The main issue would therefore become the number of tenants on benefit, and the social implications of increased dependency, rather than the cost of benefits.

The Prime Minister, summing up the discussion, said that there were substantial difficulties with the proposal to use capital-value rents, on both technical and

presentational grounds. The use of such a system would also be inconsistent with the Government's long-standing opposition to the use of capital values for rating purposes. What was needed was a system for setting rents for each local authority which was both equitable and fair. Such a system would need to take account of a number of factors, including local conditions in the housing market, the rents set by nearby authorities, and the existing level of rents which represented the starting point. The system would need to require larger rent increases from those councils which had set their rents at unreasonably low levels in the past, often for political reasons. But the emphasis should always be on setting fair rents, to give tenants a chance to adjust and to avoid creating undue alarm.

The Prime Minister pointed out that there was a long history of policy development on rents going back 30 years or more and that it would be better, if possible, to build on what had been good in earlier regimes, rather than introduce something completely new. Whatever approach was adopted would need to be based on a concept and terminology which could be presented to tenants effectively and which they would accept as reasonable. One attractive option would be to build on the concept of "fair rents" which had a long history of use in the private rented sector, although it might be necessary to take account of further factors such as the scarcity of rented accommodation in the area. Ministers present at the meeting should give these issues further thought and put any ideas to the Secretary of State for the Environment as soon as possible. He should prepare a further paper urgently, reflecting these ideas, the points made in the current discussion, and further consideration of the issues within his Department. The Group might then need to meet urgently for a further discussion.

I am copying this letter to the Private Secretaries to the other Ministers present at the meeting, to the others who attended, and to Trevor Woolley (Cabinet Office).

Yours,
PG

PAUL GRAY

Roger Bright, Esq.,
Department of the Environment.

CONFIDENTIAL

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

NBPM
RHC
24/2

The Rt Hon John Moore MP
Department of Social Security
Richmond House
79 Whitehall
LONDON
SW1

23 February 1989

Dear John

Thank you for your letter of 13 February about the interaction between our policies on housing and on benefits.

I entirely agree that proposals of either Department which affect the interests of the other should be discussed between officials at an early stage, so that difficulties can be identified and the facts agreed.

It was in an effort to secure this that my officials consulted yours on the drafting of the consultation paper on the proposed new financial regime for local authority housing and in particular on the proposals on Housing Benefit it contained, before it was published in July last year. Following the consultation, my officials set up an inter-departmental steering committee to take the proposals forward and your Department is represented on that committee. The rent and benefit issues were disucssed at meetings on 24 November and 27 January, with your officials participating on both occasions.

On Housing Action Trusts, I confess my officials did not think it necessary to consult yours on the question of the selection of the areas, since, as your own minute of 13 February acknowledges, the location of the Trusts has no implications for benefit costs beyond those already discussed when the principle of the policy was agreed by colleagues in 1987.

If you would find it useful, my officials will give yours further briefing on either of these issues, or on any others that concern you. For my part, I would find it helpful if you could also ensure that the implications for housing policies of changes in the benefit system could be explored in advance with my officials at official level and costed where possible. The interactions are often complex and the financial burdens considerable.

I am copying this to the Prime Minister, John Major and Sir Robin Butler.

Yours sincerely

NICHOLAS RIDLEY

HOUSING: POLICY PTY

PRIME MINISTER

MEETING ON COUNCIL HOUSING RENTS

You are meeting Messrs. Ridley, Moore, Major, Rifkind and Walker tomorrow to consider Nick Ridley's proposals for fixing future levels of council housing rents.

You saw the papers over the weekend, namely:

Flag A - Nick Ridley's revised paper

Flag B - the earlier brief prepared by the Cabinet Office when Mr. Ridley circulated his first draft of the paper

Flag C - note by Peter Walker

Flag D - note by John Moore

Flag E - note by John Major

Flag F - the general remarks Nick Ridley made on the subject during the Second Reading of the Local Government and Housing Bill on 14 February

Flag G - as general background, the separate note John Moore has let you have on possible means for limiting housing benefit. Only John Major has seen this, and you should not refer to it. We are arranging a separate meeting with John Moore and John Major to discuss this.

The key issues for tomorrow are:

- are you content with the broad thrust of Nick Ridley's proposals, in particular the proposed use of capital values to determine rents and the proposed phasing in of the new rent levels?

- the timing of an announcement of the detailed proposals; Nick Ridley wants to do this via an arranged PQ before Committee Stage, ie. within the next week or so.

There is a close inter-relation between policy on rents and policy on housing benefit. But I think it should be possible to reach broad agreement on rents policy independently of the possibility of a HB 'cap' which you will be discussing separately with John Moore and John Major.

PAUL GRAY

21 February 1989

SL3BHU

cst.ps/2jm21.2lets

CCPY

NBPM
PRCG
21/2

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Peter Walker MBE MP
Secretary of State for Wales
Welsh Office
Gwydyr House
Whitehall
London
SW1A 2ER

21 February 1989

Dear Secretary of State,

COUNCIL HOUSING RENTS

with D/C
on backup

I have seen your letter of 10 February to the Prime Minister in response to Nicholas Ridley's proposals on council housing rents.

I recognize the flexibility that is available to you in setting rent caps and in determining rates of return and the rate at which you close the gap between actual and reference rents. However, I must stress that any additional costs which arise from exercising this flexibility will need to be absorbed elsewhere within the Block.

I am copying this letter to members of E(LF)

Yours sincerely,

P. Walker

pp **JOHN MAJOR**

[Approved by the Chief Secretary and signed in his absence.]

HOUSING : Policy Part 14



HOME SECRETARY

QUEEN ANNE'S GATE LONDON SWIH 9AT

20 February 1989

Dear Lord President

I have seen Nicholas Ridley's letter of 15 February 1989 about Andrew Smith's Houses in Multiple Occupation (Fire Safety Information) Bill. When details of the Bill were first made available, officials in my Department and the Department of the Environment agreed that it was concerned only with notices under section 366 of the Housing Act 1985 and that it was sensible for the Department of the Environment to take the lead in responding to this Bill. Had the Bill not been altered, I would have been perfectly content with the line which Nicholas Ridley has proposed.

We have, however, just been advised that the Bill to be presented for second reading has been expanded to cover fire certificates issued under the Fire Precautions Act 1971 in respect of hotels and boarding houses. I am told that the new text (I have not seen the printed Bill) would require fire authorities to issue statements certifying that fire certificates had been issued, would provide right of access by occupiers (including temporary occupiers of hotels) to fire certificates on the premises and would provide access by any person to fire certificates at the offices of the fire authority. The Bill would permit any person to make copies of the certificate and any accompanying plans.

I do not think that I can support these proposals. The new provision extends the effect of the Bill from houses in multiple occupation (generally regarded as of above average fire risk) to all premises used as boarding houses or hotels, including the largest. Moreover, while section 366 notices are notices requiring works to be undertaken where standards are unsatisfactory, fire certificates are complex documents issued only when standards of safety have been secured. The directly analogous document in the context of the 1971 Act is a prohibition notice under section 10 of the Act prohibiting or restricting the use of unsafe premises. In the case of a section 10 notice, fire authorities are already required, in consequence

of the Environment

The Rt Hon John Wakeham, MP
Lord President of the Council

of the Environment and Safety Act 1988, to keep from 1 April 1989 registers of section 10 notices. There are also notices under section 5 or section 9 of the Act requiring steps to be taken either following the application for a fire certificate or where there has been a change of conditions after a certificate was issued, but they do not necessarily indicate that the premises are unsafe.

Fire certificates, apart from being an inappropriate target for the Bill, are complex documents. In the case of the largest premises they would be voluminous documents, many pages long, supplemented by plans and diagrams. There are several grounds for objection to making these generally available. The first, which is particularly relevant, is that they do not provide information about unsafe circumstances. Another is that they would provide an opportunity for any potential criminal to obtain detailed floor plans of premises to facilitate a crime not only in those premises, but in adjacent premises. The obligations which the Bill would place on fire authorities in respect of fire certificates would have resource implications, and in respect of the owners of reputable hotels and boarding houses, the Bill would create new and unnecessary burdens. I might add that the case for making fire certificates public was fully discussed during the Commons Committee Stage of the Fire Safety and Safety of Places of Sport Act 1987 as recently as April 1987.

If the Bill is to be amended as we are led to believe, then I must ask that it should be blocked.

I am copying this letter to the Prime Minister and to the other recipients of Nicholas Ridley's letter of 15 February.

Yours sincerely

Catherine Bannister

Approved by the Home Secretary
and signed in his absence.

Housing : Policy Pttn.

ESTABLISHED 1855 NO. 41,572 Financial Times 20/2/89

Right to council home may end

Ministers review support given to single parents

By George Jones, Political Editor

THE GOVERNMENT has embarked on a review of social security support for single parents which could lead to the State pursuing fathers for maintenance payments and to teenage mothers losing their guarantee of a council flat.

A central objective of the review, being conducted by Mr Moore, the Social Security Secretary, is to provide more opportunities for single parents to return to work as well as reinforcing the family unit.

There are one million single parents, the number has more than doubled in the past 20 years, and concern is growing at the increasing demand they are placing on the social security budget.

Benefits for single parents now cost £3·4 billion a year — 43 per cent of all expenditure on families by the Department of Social Security. However, Mr Moore has made clear there is no question of unmarried mothers or other single parents being forced to go out to work or lose benefit.

The aim is to "enable" and encourage those who "want to cross that bridge back into work".

Mr Moore has identified three main areas for the policy review, which is expected to be completed by the summer.

● **Making work more attractive for single parents:** Talks are under way with the Employment Department to ensure training schemes can cope with single parents.

The Social Security Department is considering possible additions to family credit payments for those in work and that extra earnings from part-time work could be "disregarded" in calculating income support payments.

● **Maintenance:** Most single mothers receiving State support do not get maintenance from the fathers.

Mr Moore is looking at schemes in New Zealand and Sweden where there is a State-run structure for pursuing fathers to establish liability and ensure they pay for their children's upkeep.

An inter-departmental study is under way in Whitehall to see if such a scheme could operate in Britain.

● **Housing:** The review's most controversial element. Ministers are concerned that an increasing number of "homeless" with priority for council accommodation are families with children.

It is felt present rules may increase pressures on some teenage girls to become pregnant so that they can "jump the queue" for a council flat.

The possibility of breaking the link between pregnancy and getting a council home is being canvassed, though some provision would remain for hardship cases.

Official figures show a sharp increase in what are classed as "never married mothers" — up from 16 per cent in 1979 to 22 per cent in 1984.

Of the one million single parents (nine out of 10 are women), 650,000 are on income support, the main welfare payment, and another 100,000 in work receive help through family credit.

The large increase in unmarried mothers and other single parents is being blamed on easier divorce laws and changes in attitudes to children born outside marriage.

But the veritable explosion in single parents has prompted a new emphasis in Downing Street on policies to support the family.

As well as studying child care, single parenthood and homelessness, Mrs Thatcher's advisers are looking at policies to help families stay together rather than adding to pressures which cause break-up.

Mr Moore signalled the review at last year's Conservative party conference when he said there was a need to re-think benefits for families.

"Of course we will continue to help poor, single-parent families. But, as we do it, we have to ask some hard questions:

"Is hope of a council flat and a guaranteed income a factor in unmarried pregnancy?

"Is the knowledge that the State will provide, a factor in fathers deserting their families?"

The review has received added impetus by the growing awareness that more women, including mothers, will have to go out to work if there are not to be severe labour shortages over the next decade.

By 1995 it has been estimated that four out of every five new jobs will have to be offered to women.

In a separate development, pressure is mounting on Mr Lawson, the Chancellor, to ease the tax liability of working mothers who make use of company-provided creches.

Such tax relief was vetoed in January by the Treasury. But several Whitehall departments favour the ending or reduction of the tax liability on lower-income mothers in the Budget on March 14.

Since 1985, the Government has treated subsidised childcare facilities as a benefit in kind. Those earning more than £8,500 a year are taxed on the cost of provision of the place, less any contribution made by the employee, and the additional tax can cost as much as £700 to £1,000 a year.

However, the Government is encouraging employers to provide more child-care facilities to attract more married women back to work.

Last week, several Whitehall departments got together to provide play schemes for children during half-term week.

Some Ministers are worried that the present tax rules conflict with the Government's child care policies and may limit the expansion of such schemes.

● The Government is expected to announce soon new concessions on income support for homeless 16 to 17-year-olds forced to leave home because of violence or sexual assault.

Mr Scott, Social Security Minister, indicated yesterday the Government is looking at the position of young people

The move coincides with the tabling of a Commons motion by five Conservative MPs, led by Mr Robin Squire (Hornchurch), urging the Government to amend the regulations so that homeless 16 to 17-year-olds, estranged from their families, can receive income support.

PREM 19/2729

Benefits for
single parents now
cost 3.4 b a year

= 43% of all Xpend^ts
on Pensions by DSS

PREM 19/2729

→ PM 1(A-B)

SECRET

PRIME MINISTER

COUNCIL HOUSING RENTS: MEETING ON 22 FEBRUARY

Last weekend you saw the initial paper by Nicholas Ridley setting out his proposals for implementing the new policy on council housing rents. You decided to take a meeting with the Ministers most concerned to look at this. Meantime you wanted Mr. Ridley to speak in the Second Reading debate on the Local Government and Housing Bill only in very general terms.

The meeting will now take place next Wednesday. Messrs. Ridley, Moore, Major, Rifkind and Walker will be attending.

The papers enclosed are:

Flag A: revised version of Mr. Ridley's paper. I have sidelined the passages that have changed from the earlier version you saw last weekend;

Flag B: the Cabinet Office brief on the earlier draft that you have already seen;

Flag C: note from Peter Walker;

Flag D: note from John Moore;

Flag E: note from John Major

Flag F: Nick Ridley's comments during this week's Second Reading debate.

You will see that one of the main issues, flagged up by John Moore, is the inter-relation between rent increases and extra housing benefit. This once again brings into focus the general problem of control over housing benefit expenditure, an issue which you have in the past urged John Moore and John

Major to consider further. But when you saw some papers from John Moore on this recently, you were concerned about any such work being done in a high profile way.

I sense that John Moore is now unclear about how seriously you want him to explore the possibility of further major changes in the housing benefit arrangements. The discussion at next Wednesday's meeting on rents will once again flag up the tensions between objectives on housing policy and on benefit policy - which are I fear to some extent reflected in tensions between Nick Ridley and John Moore. I suggest that you avoid getting too deeply into this on Wednesday; the priority then is to settle policy on rents, bearing in mind the potential consequence for housing benefit.

But, in the light of that discussion, it might then be helpful if you had a separate meeting just with John Moore and John Major for a first discussion of future policy on housing benefit - and the specific possibility of introducing a "cap" on maximum HB payments. (I have discussed this informally with John Moore's Office, and I think he would strongly welcome a steer from you on this issue). I attach a summary note which John Moore's Office let me have, which could provide the agenda for such a meeting.

Would you like me to set up a meeting with John Moore, John Major and Richard Wilson - without Nick Ridley present - as soon as it can be conveniently arranged after next Wednesday's meeting on rents?

Yes please

PLC6.

PAUL GRAY

17 February 1989

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

The Rt Hon John Wakeham MP
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1A 2AT

17 February 1989

Dear John

I wrote to you on 13 February about Andrew Welsh's Housing Associations (Access to Information) Bill. I have since given further consideration to the best way of handling this. Although we support the principle of the Bill, it ought to be possible to take non-statutory action in order to meet some of its underlying aims.

As you are aware, I am concerned about the amount of redrafting that would be necessary to pull the Bill into shape. In the light of this and John Moore's letter of 16 February, I have now come to the conclusion that we should oppose the Bill at Second Reading tomorrow.

I am copying this letter to the Prime Minister, to members of H and L, to Richard Luce and to Sir Robin Butler.

Yours ever
Nicholas

NICHOLAS RIDLEY

Housing Policy

CONFIDENTIAL

PRIME MINISTER

COUNCIL HOUSING RENTS

We are to meet next Wednesday to discuss our policy on council housing rents. I attach a paper which might form the starting-point for our discussion. The paper is largely unchanged from the draft which I circulated with my minute of 8 February, but I have taken the opportunity to incorporate the points made by colleagues, for which I am grateful.

John Moore raised the question of the PES implications of the new approach. A central feature of the new financial regime for housing is that for any given rent increase which we assume in fixing subsidy entitlement there is a potential Exchequer saving. This is because every £1 of extra gross rent a council should collect reduces that council's subsidy entitlement by a full £1 (step 1). Its subsidy entitlement then goes up again (step 2), because it has to meet the cost of the extra Housing Benefit paid to its poorest tenants, but until 100% of every council's tenants are on 100% Housing Benefit, the reduction of subsidy at step 1 is always greater than the increase at step 2. Obviously, we shall want to reconsider our rent policy if we ever thought we were approaching that point.

Peter Walker was concerned to ensure that it would be possible for separate determinations to be made for Wales as regards the rate of return, the gap closure rate and the level of the rent cap. In practice I hope that we could rely principally on different regional rates of return, for which a clear justification is available, rather than on the other factors in the equation, where differentiation between England and Wales might appear more arbitrary. There could even be different rates of return within Wales itself if the circumstances of, for example, Cardiff and Newport were to be differentiated from elsewhere. But my proposals would also permit separate determinations of the rate of gap closure or of the rent cap if this seemed the right way to proceed.

CONFIDENTIAL

John Major asked that the method by which regional rates of return are determined should be discussed by our respective officials before we settle on a set of figures. I am entirely content with this. I hope however that we need not delay announcing our general approach while this technical discussion takes place. It is quite likely that we shall not want to settle the rates of return until the summer, when we hope to have the valuation evidence we need for the first year.

In the debate on the Second Reading of the Local Government and Housing Bill last Tuesday, I was pressed, as we had expected, on the subject of the Government's rent policy. The new subsidy system proposed in the Bill clearly implies the existence of such a policy; for as long as we fail to state unambiguously what it is, we leave the field open for our opponents to make wild allegations which can only be damaging to the new regime as a whole. I hope therefore that we can reach agreement quickly on the bones of my proposals so that I can make an announcement as soon as possible.

I am copying this minute to Peter Walker, Malcolm Rifkind, John Moore and John Major and to Sir Robin Butler.

D. Lamb

pp. NR

17 February 198

(approved by the Secretary of State and signed in his absence)

CONFIDENTIAL

COUNCIL HOUSING RENTS

A PAPER BY THE SECRETARY OF STATE FOR THE ENVIRONMENT

1. Last year E(LF) agreed my proposals for a new financial regime for local authority housing (see in particular the correspondence of June and July 1988). Although we were agreed that we should get councils away from historic cost accounting, and said so in public consultations, we have not yet fully developed our proposals on council rents. We were pressed to explain the principles of our policy in the Second Reading Debate on the Local Government and Housing Bill on 14 February, and we shall need to be able to do so in Committee.

2. E(LF) agreed that council rents should begin to take more account of the desirability, state of repair and value of the property, and this paper proposes how that should be achieved. It also shows how the levers in the new financial regime can be pulled so that councils' rents are gradually brought to reflect more consistently the regional pattern of owner occupiers' costs and new housing association rents, so that council tenants who do not need to live in areas of great housing pressure in the South East might be persuaded to consider moving to where accommodation is more readily available. These changes are essential to get a better fit between supply and demand. They will also encourage tenants to consider other options open to them such as Right to Buy and Tenants' Choice.

The New Financial Regime

3. The Local Government and Housing Bill incorporates a flexible provision which will enable me, year by year, to exert indirect but effective pressure on council rents by determining the amount of subsidy going into authorities' Housing Revenue Accounts. Councils will have to balance the Account each year, and they will only be able to do so by adjusting the amount they spend on management and maintenance or the amount they raise for rent. These mechanisms are explained at annex A.

Principles for determination of rent assumptions in Subsidy settlements

4. In deciding how to influence council rent levels, we have to start from where they are now (in general, very low - an average of £18.86 a week). It is politically vital to avoid any accusations that we are forcing unreasonable increases on tenants. I therefore propose an incremental system. In essence, I would take two objectively determined factors: each council's actual rent and the rent the market would determine in that area. The policy would be to seek to narrow the gap between these figures, but I would make it clear from the outset that it is not our intention in the foreseeable future actually to close the gap. Each year we would make a rent determination which on average narrowed the gap by a specified (modest) percentage. We would thus be in control; there would be nothing inexorable about movements from one year to the next. It would be possible to apply different percentage gap closures in England and Wales if we wished.

5. Because there is a shortage of market rent analogues, the most practicable approach for determining the upper of our two fixed points is to assess capital values, to make assumptions about a reasonable percentage return on investment, and to add a component to reflect a landlord's management and maintenance costs. For purposes of this paper, capital values have been derived from evidence of sales to tenants.

6. We need to consider very carefully the assumed rate of return. Since owners of property benefit from capital appreciation to different extents in different parts of the country, private investors would not expect an identical rate of return from rent income in every region. They would trade off income against capital gains. It would therefore be reasonable to set regional rates of return from rents which vary from region to region. My Department's preliminary exemplifications suggests these could be set to range from about 3½% across London and the South East to perhaps 6% in the North.

7. On preliminary estimates of capital values, rates of return such as these might indicate average market rents between £70.77 (Kensington) and £18.79 (Hinckley). Annex B suggests some regional rates of return and the range of rents they give rise to. For comparison, council rents at present range from an average of £35.30 in Kensington to £11.99 in Ellsmere Port. The regional rates of return will of course need to be chosen after careful deliberation. My officials will take this work forward with the Treasury and Welsh Office, but I hope that this need not delay an announcement of our general approach; the rates of return will in any event be subject to variation from time to time.

8. This system would not, however, commit us to achieving these "capital value" rents in any area, nor at any particular pace. We would be under great pressure nevertheless to say from the outset how far we would want rents to go towards market levels, and I believe that it would be necessary to explain that we envisaged stopping well short in many areas. We would, in particular, say that the high Kensington figure (and some other London figures) was not a target. A cap could be applied through a rule that the capital value rents assumed for any district should not exceed the national average capital value rent by more than a given percentage. For example a rule that limited the reference rents to 1½ times the national average would cut off at £53 a week and protect 13 authorities. Annex C shows the full range of capital value rents on the evidence available at present and compares these with present rents plus the notional rents after a few years of operation.

9. The advantages of such a policy would be that, from the outset, market type influences would be felt - to whatever extent. Recommended annual rent increases would be greater in areas where current rents were furthest away from the value of the property, and proportionally less in areas like Wandsworth which have been pursuing an active policy of moving towards reasonable rents. It would enable us to present our policy in a positive way and counter the widespread misconception that we

want to put up rents simply to produce surpluses to keep the national Housing Benefit bill down. It is true that a reduced Housing Benefit bill will be an effect of the new regime, but it is vital to stop people getting the idea that that is its purpose.

Public Expenditure and Other Implications

10. Any increases in guideline rents will result in reductions of subsidy. Although there would be higher housing benefit costs, even in the worst case they could be no greater than the rent increases and therefore would be fully compensated for by the savings in subsidy (see annex A). Guideline rent changes would be for annual PES determination.

11. The adoption of capital value rents will require the assessment of average capital values in each authority. My Department already has data based on statistical returns from sales of council houses but we shall want to consider whether to employ the Valuation Office, or other valuers, to produce sample survey evidence. There would be a cost, and possibly manpower implications, and these would have to be assessed.

12. There are no other employment considerations, and no EC implications.

Conclusion

13. I hope therefore we might agree:

a) on the principle of introducing a gradual and controllable movement towards capital-value rents into the essential annual assessment of guideline rent increases; and

b) that I announce our approach before Committee Stage of the Local Government and Housing Bill, by means of an inspired Question in Parliament.

Annex A

Mechanisms for influencing council rents

1. The new Housing Revenue Account Subsidy will meet the notional deficit on any authority's account after allowing for rents on the one hand and expenditure on the other (the cost of rent rebates as well as loan charges and management and maintenance). If and when authorities reach the point at which they can manage without subsidy, the new Bill provides for mandatory transfers out of the account of a notional surplus on the account. Whether an authority is "in subsidy" or "in surplus", the determination of rent assumptions by the Secretary of State will be a key step in the calculation each year.

2. It is not necessary to determine, from Whitehall, an actual rent level for each authority each year; that would be more prescriptive than I would want. It would be sufficient to announce a "subsidy entitlement" (or "notional surplus to be transferred out") for each authority, deriving that from a guideline annual rent increase. That increase should not be the same for each authority. My proposal is that each year we announce the extent to which we ask authorities to close the gap between their current rents and the capital value rents we have assessed. It might, for example, be a 5% reduction of that gap. Inflation could be taken into account at the stage of revising the capital values each year, or we could make a flat-rate allowance for inflation in the annual guidelines.

3. I emphasise that each year's determination would be for discussion in the PES round. Purely for illustration however, annex B shows the way in which the gap would narrow for authorities if a 2.5% gap closure was made each year. PES discussions would of course assess the net savings to the Exchequer after allowing for increases in the cost of rent rebates. Note that a feature of the new regime is that HB costs arising from increases in guideline rents are consumed by the savings on the Subsidy. In the worst case, where all an authority's tenants are on 100% rent rebates, the potential

savings in subsidy from an assumed rent increase are wholly offset, but not exceeded, by the cost of subsidising the rebates. To the extent that any of the tenants are paying any part of their own rents, an assumed rent increase represents a potential saving in subsidy.

4. In the new regime, as at present, a local authority will be permitted to set its own rents. This is an important principle. It may set rents at less than the subsidy guideline, which would produce savings for the Exchequer on the HB component of the subsidy. If it increases rents by more than the guideline then that would (as now) lead to additional subsidy. That effect however would not be the consequence of the new policy on rents: it would be caused neither by the change in the system nor by the PES decisions on guideline rents in the subsidy that year.

5. Other questions arise about mechanisms. In particular, there will be difficulties in establishing sound valuations, especially at an early date. The Department has evidence of capital values in each authority based on returns of sales under the Right To Buy or voluntary agreement. This may not be as suitable as evidence produced directly for the purpose and we should consider whether to proceed by means of a sample survey which might be very limited at first but which could be extended in subsequent years. The Inland Revenue Valuation Office could be asked to undertake this work, or independent valuers engaged, and we need to consider the merits and the costs of these options as opposed to relying on sales returns. We might want to allow councils to appeal against their assessments. This and other practical issues should be explored and, I believe, discussed with the local authority associations and professional bodies between now and debate in Standing Committee.

Annex B

CAPITAL VALUE RENTS
BASED ON REGIONAL RATES OF RETURN

Region	Rate of Return	Maximum and Minimum Capital Value rents (Rent Per Week)		
North	6%	{Max =	£40.67	(South Lakeland)
		{Min =	£25.53	(Sunderland)
York/Hum	5½%	{Max =	£40.22	(Craven)
		{Min =	£19.52	(Leeds)
East Mids	5%	{Max =	£37.75	(Lincoln)
		{Min =	£18.79	(Hinckley)
East Anglia	3½%	{Max =	£34.02	(South Cambs)
		{Min =	£23.08	(Fenland)
Gt London	3½%	{Max =	£70.77	(Kensington & Chelsea)*
		{Min =	£34.80	(Lambeth)*
South East	3½%	{Max =	£53.86	(South Bucks)
		{Min =	26.65	(Tendring)
South West	4¼%	{Max =	£44.49	(Purbeck)**
		{Min =	29.10	(Thamesdown)
West Mids	5%	{Max =	£36.68	(Hereford)
		{Min =	24.94	(Cannock)
North West	5½%	{Max =	36.35	(Macclesfield)
		{Min =	21.09	(Burnley)

* In London, the second highest and lowest are shown. The actual highest is City of London (£101.83) but this authority has only a small stock of dwellings. The actual lowest is Ealing (£34.61) but this is based on capital value data that is thought to be particuarly unreliable.

** Isles of Scilly with £52.33 is the maximum for the Region but the authority has only a very small stock.

Annex C

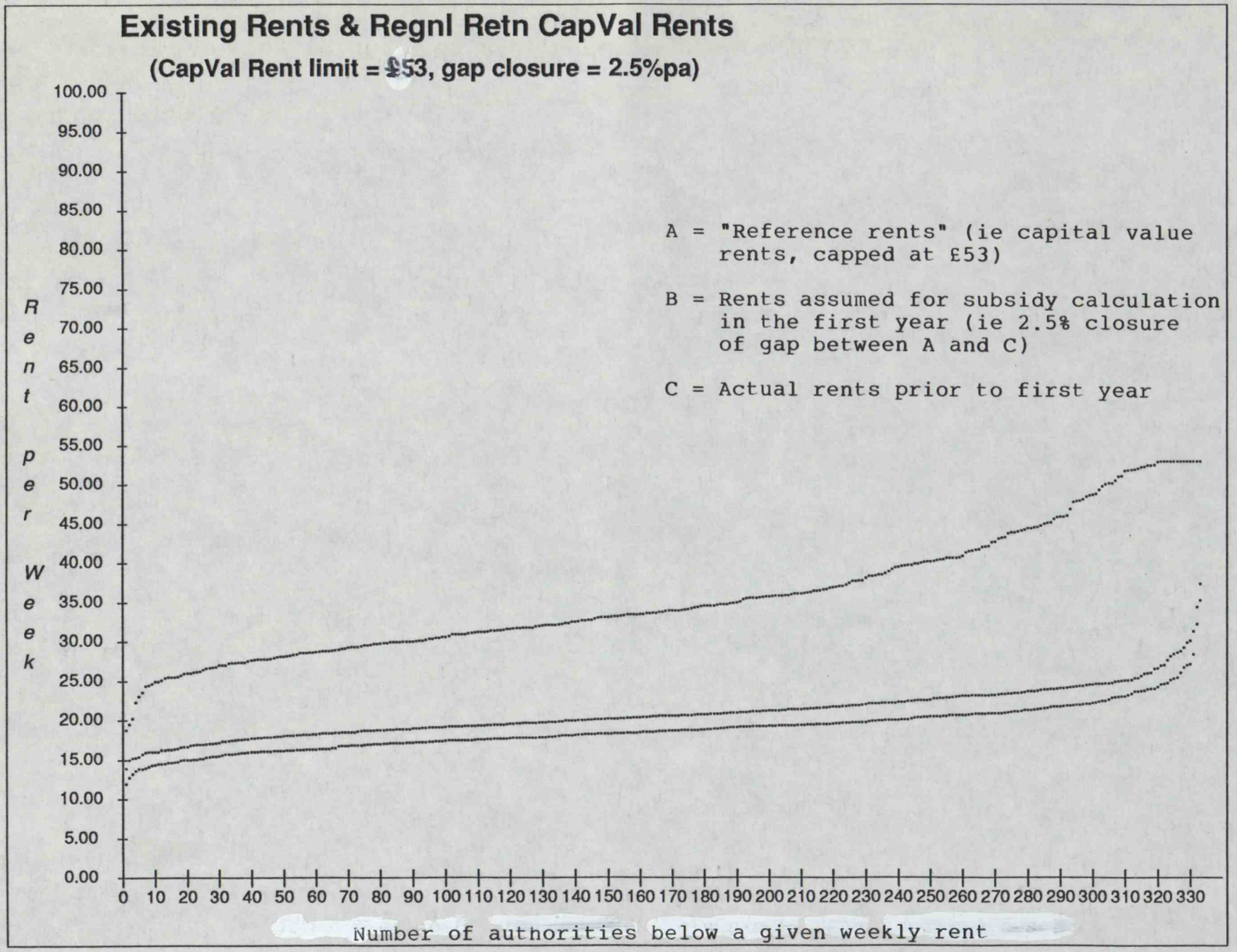
Effect of Superimposing Limits on Capital Value Rents based on regional rates of return.

Assuming regional rates of return, and based on evidence of values from local authority sales of dwellings, the average capital value rent level is £35.40 for 1988/89.

If all rent levels are subject to an upper limit defined as a percentage of this national average, the following rent limits result:

	130%	150%	155%
	£46	£53	£55
No of LAs that would be affected by the limit	42	13	8
LAs affected	almost all LAs in London Plus Slough Windsor South Bucks Epping Thurrock Broxbourne Watford Elmbridge Reigate Runnymede Spelthorne Waverley Woking Isles of Scilly	City of London Camden Greenwich Hackney Hammersmith Islington Kensington & Chelsea Lewisham Richmond Southwark Tower Hamlets Westminster South Bucks	City of London Camden Hackney Hammersmith Islington Kensington & Chelsea Lewisham Tower Hamlets

The attached graph plot the effect of the upper limits of 125% and 150%


Existing Rents & Regnl Retn CapVal Rents
(CapVal Rent limit = £53, gap closure = 2.5%pa)
Rent per Week
100.00
95.00
90.00
85.00
80.00
75.00
70.00
65.00
60.00
55.00
50.00
45.00
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00
0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200 210 220 230 240 250 260 270 280 290 300 310 320 330
Number of authorities below a given weekly rent
A = "Reference rents" (ie capital value rents, capped at £53)
B = Rents assumed for subsidy calculation in the first year (ie 2.5% closure of gap between A and C)
C = Actual rents prior to first year
A
B
C

(1) Cap Val Rents with #53 limit, first year, sorted

REGION/ County	Authority	average capital values for each LA (#)	CAPITAL VALUE RENT with regional rates of return 6.0% N, 5.5% YH,NW, 5.0% EM,WM, 4.25% SW, 3.5% EA,GL,SE limit =#53	Actual Weekly Rent in April 88	Rent increase implied by 2.5% move towards CAP.VAL.RENT plus 5% for INFLATION	Revised Weekly Rent Level	CASH Rent Increase in % terms	Increased Rent as a proportion of NET income
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
NORTH	Hartlepool	19751	28.40	20.89	1.23	22.12	5.9%	17%
Cleveld	Langbaurgh	20409	31.79	20.05	1.30	21.35	6.5%	16%
	Middlesborough	17644	28.16	24.57	1.32	25.89	5.4%	20%
	Stockton-On-Tees	17644	27.37	20.38	1.19	21.57	5.9%	16%
Cumbria	Allerdale	25204	33.99	19.18	1.33	20.51	6.9%	16%
	Barrow-in-Furness	25204	36.14	19.19	1.38	20.57	7.2%	16%
	Carlisle	21068	30.02	13.25	1.08	14.33	8.2%	11%
	Copeland	22102	33.54	17.23	1.27	18.50	7.4%	14%
	Eden	26884	35.65	17.32	1.32	18.64	7.6%	14%
	South Lakeland	29469	40.67	17.87	1.46	19.33	8.2%	15%
Durham	Chester-Le-Street	23174	33.43	19.39	1.32	20.71	6.8%	16%
	Darlington	21594	31.37	15.97	1.18	17.15	7.4%	13%
	Derwentside	20146	28.69	17.70	1.16	18.86	6.6%	14%
	Durham	20672	30.07	17.80	1.20	19.00	6.7%	14%
	Easington	16722	27.71	19.96	1.19	21.15	6.0%	16%
	Sedgefield	18039	29.73	18.78	1.21	19.99	6.5%	15%
	Teesdale	24886	33.27	15.93	1.23	17.16	7.7%	13%
	Wear Valley	18697	27.30	18.24	1.14	19.38	6.2%	15%
Nthmbld	Alnwick	25242	34.79	19.15	1.35	20.50	7.0%	16%
	Berwick-Upon-Twee	22049	29.45	15.72	1.13	16.85	7.2%	13%
	Blyth Valley	25473	35.51	18.33	1.35	19.68	7.3%	15%
	Castle Morpeth	23829	32.17	19.30	1.29	20.59	6.7%	16%
	Tynedale	21364	31.52	15.47	1.17	16.64	7.6%	13%
	Wansbeck	26842	36.98	16.80	1.34	18.14	8.0%	14%
Tyne/Wr	Gateshead	23437	36.00	18.90	1.37	20.27	7.3%	15%
	Newcastle upon Ty	21067	33.45	19.76	1.33	21.09	6.7%	16%
	North Tyneside	21462	31.64	15.02	1.17	16.19	7.8%	12%
	South Tyneside	21462	30.35	16.28	1.17	17.45	7.2%	13%
	Sunderland	16195	25.53	14.73	1.01	15.74	6.8%	12%
YK/HUMB	Beverley	26943	33.11	14.16	1.18	15.34	8.3%	12%
Humbs	Boothferry	18441	26.01	17.36	1.08	18.44	6.2%	14%
	Cleethorpes	19226	27.03	18.42	1.14	19.56	6.2%	15%
	East Yorkshire	24327	32.35	19.26	1.29	20.55	6.7%	16%
	Glanford	17657	23.59	14.94	0.96	15.90	6.4%	12%
	Great Grimsby	17787	25.96	18.86	1.12	19.98	5.9%	15%
	Holderness	22365	30.17	16.93	1.18	18.11	7.0%	14%
	Kingston upon Hul	22757	29.65	17.55	1.18	18.73	6.7%	14%
	Scunthorpe	17526	26.24	18.18	1.11	19.29	6.1%	15%
N Yorks	Craven	26979	40.22	17.78	1.45	19.23	8.2%	15%
	Hambleton	22323	28.97	16.78	1.14	17.92	6.8%	14%
	Harrogate	25939	33.22	17.16	1.26	18.42	7.3%	14%
	Richmondshire	25017	33.13	20.02	1.33	21.35	6.6%	16%
	Ryedale	21462	27.80	17.62	1.14	18.76	6.4%	14%
	Scarborough	23701	31.48	16.29	1.19	17.48	7.3%	13%
	Selby	23174	30.93	17.13	1.20	18.33	7.0%	14%
	York	23569	29.99	13.83	1.10	14.93	7.9%	11%
S Yorks	Barnsley	19488	27.77	15.93	1.09	17.02	6.9%	13%
	Doncaster	19880	28.07	14.37	1.06	15.43	7.4%	12%
	Rotherham	18441	26.77	14.55	1.03	15.58	7.1%	12%
	Sheffield	20796	28.66	21.73	1.26	22.99	5.8%	18%
W Yorks	Bradford	17003	24.93	18.73	1.09	19.82	5.8%	15%
	Calderdale	16349	25.39	18.53	1.10	19.63	5.9%	15%
	Kirklees	17395	24.35	18.06	1.06	19.12	5.9%	15%

	Leeds	11510	19.52	14.74	0.86	15.60	5.8%	12%
	Wakefield	21973	28.86	16.03	1.12	17.15	7.0%	13%
E MIDS	Amber Valley	23145	29.57	16.35	1.15	17.50	7.0%	14%
Derbys	Bolsover	21912	28.12	18.30	1.16	19.46	6.3%	15%
	Chesterfield	23145	28.25	16.71	1.12	17.83	6.7%	14%
	Derby	17667	22.32	16.10	0.96	17.06	6.0%	13%
	Derbyshire Dales	28760	33.95	17.67	1.29	18.96	7.3%	15%
	Erewash	23829	28.85	16.00	1.12	17.12	7.0%	13%
	High Peak	25884	32.75	17.93	1.27	19.20	7.1%	15%
	North East Derbys	23282	29.27	17.48	1.17	18.65	6.7%	14%
	South Derbyshire	22323	26.82	17.71	1.11	18.82	6.3%	15%
Leics	Blaby	26157	31.26	12.77	1.10	13.87	8.6%	11%
	Charnwood	25610	33.06	15.52	1.21	16.73	7.8%	13%
	Harborough	27801	34.62	18.11	1.32	19.43	7.3%	15%
	Hinckley & Boswor	13010	18.79	17.45	0.91	18.36	5.2%	14%
	Leicester	20953	26.14	21.17	1.18	22.35	5.6%	17%
	Melton	25747	31.43	17.44	1.22	18.66	7.0%	14%
	North West Leices	26431	31.24	18.02	1.23	19.25	6.8%	15%
	Oadby & Wigston	26979	30.05	14.48	1.11	15.59	7.7%	12%
	Rutland	26568	30.94	15.08	1.15	16.23	7.6%	13%
Lincs	Boston	21775	26.69	16.22	1.07	17.29	6.6%	13%
	East Lindsey	24514	30.59	17.19	1.19	18.38	6.9%	14%
	Lincoln	32868	37.75	16.89	1.37	18.26	8.1%	14%
	North Kesteven	23282	28.59	18.53	1.18	19.71	6.4%	15%
	South Holland	25747	33.16	17.98	1.28	19.26	7.1%	15%
	South Kesteven	25747	32.01	17.49	1.24	18.73	7.1%	15%
	West Lindsey	21364	27.81	17.66	1.14	18.80	6.4%	15%
Nhants	Corby	25896	32.15	15.63	1.19	16.82	7.6%	13%
	Daventry	24981	29.83	17.15	1.17	18.32	6.8%	14%
	East Northants	23411	28.77	15.00	1.09	16.09	7.3%	12%
	Kettering	25112	31.05	20.10	1.28	21.38	6.4%	17%
	Northampton	25896	33.67	18.37	1.30	19.67	7.1%	15%
	South Northants	19488	25.52	15.00	1.01	16.01	6.8%	12%
	Wellingborough	25635	29.99	18.95	1.22	20.17	6.5%	16%
Notts	Ashfield	15338	20.25	16.46	0.92	17.38	5.6%	13%
	Bassetlaw	19584	26.02	15.87	1.05	16.92	6.6%	13%
	Broxtowe	25062	30.13	19.90	1.25	21.15	6.3%	16%
	Gedling	25199	29.35	17.26	1.17	18.43	6.8%	14%
	Mansfield	18077	24.63	19.36	1.10	20.46	5.7%	16%
	Newark & Sherwood	23966	32.54	16.27	1.22	17.49	7.5%	14%
	Nottingham	22597	27.37	19.01	1.16	20.17	6.1%	16%
	Rushcliffe	26842	33.66	17.82	1.29	19.11	7.2%	15%
E ANGLIA	Cambridge	41963	33.95	18.31	1.31	19.62	7.1%	15%
Cambs	East Cambridgeshi	30991	27.42	18.09	1.14	19.23	6.3%	15%
	Fenland	22539	23.08	15.42	0.96	16.38	6.2%	13%
	Huntingdonshire	32473	29.99	17.20	1.18	18.38	6.9%	14%
	Peterborough	24170	25.11	17.56	1.07	18.63	6.1%	14%
	South Cambridgesh	38849	34.02	17.02	1.28	18.30	7.5%	14%
Norfolk	Breckland	27135	26.48	17.38	1.10	18.48	6.3%	14%
	Broadland	33660	28.58	17.10	1.14	18.24	6.7%	14%
	Great Yarmouth	32770	28.58	16.30	1.12	17.42	6.9%	13%
	Kings Lynn & W.N.	24318	24.47	16.05	1.01	17.06	6.3%	13%
	North Norfolk	31435	27.57	17.12	1.12	18.24	6.5%	14%
	Norwich	34253	29.94	19.48	1.24	20.72	6.3%	16%
	South Norfolk	30842	29.35	19.68	1.23	20.91	6.2%	16%
Suffolk	Babergh	31139	29.55	17.35	1.17	18.52	6.8%	14%
	Forest Heath	34253	29.35	17.44	1.17	18.61	6.7%	14%
	Ipswich	35291	31.11	17.71	1.22	18.93	6.9%	15%
	Mid Suffolk	30546	27.84	20.18	1.20	21.38	5.9%	16%
	St. Edmundsbury	32473	28.21	14.65	1.07	15.72	7.3%	12%
	Suffolk Coastal	36625	30.61	16.34	1.17	17.51	7.2%	13%
	Waveney	27877	26.19	18.78	1.12	19.90	6.0%	15%
LONDON	BARKING	44089	40.69	15.15	1.40	16.55	9.2%	11%
	BARNET	56546	49.33	26.07	1.89	27.96	7.2%	19%
	CITY OF LONDON	108502	53.00	24.26	1.93	26.19	8.0%	18%

	BRENT	52612	51.77	17.10	1.72	18.82	10.1%	13%
	BROMLEY	53759	48.13	26.74	1.87	28.61	7.0%	19%
	CAMDEN	67363	53.00	21.34	1.86	23.20	8.7%	16%
	CROYDON	60151	51.95	25.33	1.93	27.26	7.6%	18%
	EALING	33272	34.61	21.99	1.42	23.41	6.4%	16%
	ENFIELD	61463	50.52	25.16	1.89	27.05	7.5%	18%
	GREENWICH	59987	53.00	18.06	1.78	19.84	9.8%	13%
	HACKNEY	58512	53.00	15.17	1.70	16.87	11.2%	11%
	HAMMERSMITH	63102	53.00	27.06	2.00	29.06	7.4%	20%
	HARINGEY	58512	51.89	17.80	1.74	19.54	9.8%	13%
	HARROW	61299	52.50	25.46	1.95	27.41	7.7%	18%
	HAVERING	61299	51.87	22.49	1.86	24.35	8.3%	16%
	HILLINGDON	61299	52.06	21.26	1.83	23.09	8.6%	16%
	HOUNSLOW	61299	52.95	19.71	1.82	21.53	9.2%	14%
	ISLINGTON	66543	53.00	19.22	1.81	21.03	9.4%	14%
	KENSINGTON & CHEL	76541	53.00	35.30	2.21	37.51	6.3%	25%
	KINGSTON UPON THA	58348	51.14	23.78	1.87	25.65	7.9%	17%
	LAMBETH	19996	34.80	18.69	1.34	20.03	7.2%	13%
	LEWISHAM	57201	53.00	20.65	1.84	22.49	8.9%	15%
	MERTON	36222	37.49	23.42	1.52	24.94	6.5%	17%
	NEWHAM	49498	47.95	19.73	1.69	21.42	8.6%	14%
	REDBRIDGE	53595	50.22	27.18	1.94	29.12	7.1%	20%
	RICHMOND UPON THA	62774	53.00	23.02	1.90	24.92	8.3%	17%
	SOUTHWARK	56709	53.00	20.39	1.83	22.22	9.0%	15%
	SUTTON	56382	48.80	23.67	1.81	25.48	7.7%	17%
	TOWER HAMLETS	58512	53.00	19.11	1.80	20.91	9.4%	14%
	WALTHAM FOREST	48187	45.89	19.76	1.64	21.40	8.3%	14%
	WANDSWORTH	49498	50.17	32.27	2.06	34.33	6.4%	23%
	WESTMINSTER	52448	53.00	28.41	2.04	30.45	7.2%	20%
S EAST	Luton	42085	36.56	20.66	1.43	22.09	6.9%	16%
Beds	Mid Bedfordshire	40682	34.37	16.22	1.26	17.48	7.8%	13%
	North Bedfordshir	35071	30.50	18.77	1.23	20.00	6.6%	15%
	South Bedfordshir	42085	40.16	20.63	1.52	22.15	7.4%	17%
Berks	Bracknell	55646	45.60	20.41	1.65	22.06	8.1%	16%
	Newbury	51593	42.01	19.51	1.54	21.05	7.9%	16%
	Reading	40526	35.14	19.30	1.36	20.66	7.1%	15%
	Slough	56425	48.51	18.56	1.68	20.24	9.0%	15%
	Windsor & Maidenh	62816	52.54	19.43	1.80	21.23	9.3%	16%
	Wokingham	44891	41.74	20.99	1.57	22.56	7.5%	17%
Bucks	Aylesbury Vale	46293	38.13	17.24	1.38	18.62	8.0%	14%
	Chiltern	56737	45.17	18.31	1.59	19.90	8.7%	15%
	Milton Keynes	37409	33.63	18.85	1.31	20.16	7.0%	15%
	South Bucks	63127	53.00	20.07	1.83	21.90	9.1%	16%
	Wycombe	54866	44.56	17.57	1.55	19.12	8.8%	14%
E Sussex	Brighton	44111	40.41	21.52	1.55	23.07	7.2%	17%
	Eastbourne	41929	37.09	20.89	1.45	22.34	6.9%	17%
	Hastings	37876	34.57	18.58	1.33	19.91	7.2%	15%
	Hove	40526	35.94	21.54	1.44	22.98	6.7%	17%
	Lewes	43644	39.21	20.04	1.48	21.52	7.4%	16%
	Rother	37565	34.54	16.28	1.27	17.55	7.8%	13%
	Wealden	42085	35.68	22.64	1.46	24.10	6.4%	18%
Essex	Basildon	41617	39.76	20.89	1.52	22.41	7.3%	17%
	Braintree	40682	33.96	18.26	1.31	19.57	7.1%	15%
	Brentwood	42085	38.39	20.74	1.48	22.22	7.1%	17%
	Castle Point	35071	31.79	21.05	1.32	22.37	6.3%	17%
	Chelmsford	42085	33.91	18.16	1.30	19.46	7.2%	15%
	Colchester	33356	29.88	19.11	1.22	20.33	6.4%	15%
	Epping Forest	55957	49.79	19.23	1.73	20.96	9.0%	16%
	Harlow	49255	43.09	16.10	1.48	17.58	9.2%	13%
	Maldon	40682	34.71	19.33	1.35	20.68	7.0%	15%
	Rochford	43332	38.38	22.22	1.51	23.73	6.8%	18%
	Southend-On-Sea	40994	35.82	24.78	1.51	26.29	6.1%	20%
	Tendring	30395	26.65	19.71	1.16	20.87	5.9%	16%
	Thurrock	55490	46.89	18.85	1.64	20.49	8.7%	15%
	Uttlesford	46761	41.35	19.55	1.52	21.07	7.8%	16%
Hants	Basingstoke	48320	41.57	20.70	1.56	22.26	7.5%	17%

	East Hampshire	48008	42.66	21.10	1.59	22.69	7.6%	17%
	Eastleigh	40838	36.45	20.51	1.42	21.93	6.9%	16%
	Fareham	40214	36.17	20.66	1.42	22.08	6.9%	16%
	Gosport	39903	34.42	19.32	1.34	20.66	7.0%	15%
	Hart	57204	45.84	19.95	1.64	21.59	8.2%	16%
	Havant	42708	37.77	22.06	1.50	23.56	6.8%	18%
	New Forest	46917	38.41	22.48	1.52	24.00	6.8%	18%
	Portsmouth	38656	35.55	22.36	1.45	23.81	6.5%	18%
	Rushmoor	50658	45.13	21.86	1.67	23.53	7.7%	18%
	Southampton	35850	32.00	19.86	1.30	21.16	6.5%	16%
	Test Valley	43176	37.29	23.04	1.51	24.55	6.5%	18%
	Winchester	49567	41.51	20.80	1.56	22.36	7.5%	17%
Herts	Broxbourne	63439	52.48	21.75	1.86	23.61	8.5%	18%
	Dacorum	54399	44.99	17.30	1.56	18.86	9.0%	14%
	East Hertfordshir	52372	44.02	19.16	1.58	20.74	8.2%	15%
	Hertsmere	43799	39.46	20.52	1.50	22.02	7.3%	16%
	North Hertfordshi	46293	38.56	17.44	1.40	18.84	8.0%	14%
	St. Albans	52216	42.74	16.13	1.47	17.60	9.1%	13%
	Stevenage	46761	43.31	14.30	1.44	15.74	10.1%	12%
	Three Rivers	52216	44.45	19.33	1.59	20.92	8.2%	16%
	Watford	55178	46.03	17.46	1.59	19.05	9.1%	14%
	Welwyn Hatfield	50969	42.15	16.82	1.47	18.29	8.8%	14%
IoWight	Medina	33200	30.92	23.69	1.37	25.06	5.8%	19%
	South Wight	43332	35.40	20.32	1.39	21.71	6.9%	16%
Kent	Ashford	37097	32.20	22.93	1.38	24.31	6.0%	18%
	Canterbury	34603	31.77	20.02	1.29	21.31	6.5%	16%
	Dartford	48631	40.63	20.82	1.54	22.36	7.4%	17%
	Dover	35538	32.60	20.49	1.33	21.82	6.5%	16%
	Gillingham	34759	30.47	23.97	1.36	25.33	5.7%	19%
	Gravesham	42553	36.92	16.81	1.34	18.15	8.0%	14%
	Maidstone	44267	40.67	16.32	1.42	17.74	8.7%	13%
	Rochester-o-Medwa	37876	35.01	21.76	1.42	23.18	6.5%	17%
	Sevenoaks	51437	43.24	19.72	1.57	21.29	8.0%	16%
	Shepway	38032	33.44	24.03	1.44	25.47	6.0%	19%
	Swale	34759	31.19	19.36	1.26	20.62	6.5%	15%
	Thanet	35382	33.82	18.38	1.31	19.69	7.1%	15%
	Tonbridge & Malli	48008	39.93	19.09	1.48	20.57	7.7%	15%
	Tunbridge Wells	43799	36.48	18.39	1.37	19.76	7.5%	15%
Oxon	Cherwell	40370	33.79	17.43	1.28	18.71	7.3%	14%
	Oxford	47073	39.68	16.36	1.40	17.76	8.6%	13%
	South Oxfordshire	50969	43.82	19.53	1.58	21.11	8.1%	16%
	Vale Of White Hor	47696	40.39	17.62	1.45	19.07	8.2%	14%
	West Oxfordshire	43332	36.23	18.67	1.37	20.04	7.4%	15%
Surrey	Elmbridge	64063	52.23	21.37	1.84	23.21	8.6%	17%
	Epsom & Ewell	50658	44.27	21.88	1.65	23.53	7.6%	18%
	Guildford	52684	43.89	21.30	1.63	22.93	7.7%	17%
	Mole Valley	50658	41.68	17.83	1.49	19.32	8.3%	14%
	Reigate & Banstea	56737	47.89	17.00	1.62	18.62	9.5%	14%
	Runnymede	57984	50.06	21.27	1.78	23.05	8.4%	17%
	Spelthorne	56113	48.74	24.04	1.82	25.86	7.6%	19%
	Surrey Heath	51905	44.43	21.97	1.66	23.63	7.6%	18%
	Tandridge	54087	45.94	18.78	1.62	20.40	8.6%	15%
	Waverley	59386	47.78	20.90	1.72	22.62	8.2%	17%
	Woking	61569	51.04	20.46	1.79	22.25	8.7%	17%
W Sussex	Adur	44423	38.71	19.03	1.44	20.47	7.6%	15%
	Arun	35538	34.11	23.03	1.43	24.46	6.2%	18%
	Chichester	47696	40.04	20.84	1.52	22.36	7.3%	17%
	Crawley	55646	44.77	19.53	1.61	21.14	8.2%	16%
	Horsham	53308	44.17	20.67	1.62	22.29	7.8%	17%
	Mid Sussex	50658	42.07	20.41	1.56	21.97	7.7%	16%
	Worthing	25874	27.06	23.21	1.26	24.47	5.4%	18%
S WEST	Bath	38092	40.48	19.72	1.51	21.23	7.6%	17%
Avon	Bristol	28830	31.78	16.94	1.22	18.16	7.2%	14%
	Kingswood	33162	34.90	15.80	1.27	17.07	8.0%	13%
	Northavon	33013	36.16	18.56	1.37	19.93	7.4%	16%
		34208	37.11	16.11	1.33	17.44	8.3%	14%

	Woodspring	29278	31.40	22.05	1.34	23.39	6.1%	18%
Cornwall	Caradon	34955	35.71	19.53	1.38	20.91	7.1%	16%
	Carrick	27038	35.86	16.16	1.30	17.46	8.0%	14%
	Isle of Scilly	53030	52.33	20.94	1.83	22.77	8.7%	18%
	Kerrier	28233	31.71	18.28	1.25	19.53	6.8%	15%
	North Cornwall	29129	31.23	20.63	1.30	21.93	6.3%	17%
	Penwith	33461	36.69	19.49	1.40	20.89	7.2%	16%
	Restormel	29876	32.11	17.20	1.23	18.43	7.2%	15%
Devon	East Devon	37644	38.52	16.50	1.38	17.88	8.3%	14%
	Exeter	35851	34.92	14.51	1.24	15.75	8.5%	12%
	Mid Devon	31669	32.37	19.41	1.29	20.70	6.7%	16%
	North Devon	32266	33.11	18.42	1.29	19.71	7.0%	16%
	Plymouth	36150	37.82	18.29	1.40	19.69	7.7%	16%
	South Hams	28980	34.07	19.22	1.33	20.55	6.9%	16%
	Teignbridge	33611	34.61	20.49	1.38	21.87	6.7%	17%
	Torbay	34955	36.30	24.64	1.52	26.16	6.2%	21%
	Torridge	31220	33.43	20.04	1.34	21.38	6.7%	17%
	West Devon	34656	35.87	21.93	1.45	23.38	6.6%	18%
Dorset	Bournemouth	39735	40.26	23.74	1.60	25.34	6.7%	20%
	Christchurch	40034	40.64	22.08	1.57	23.65	7.1%	19%
	North Dorset	40333	39.54	18.26	1.44	19.70	7.9%	16%
	Poole	39436	39.93	21.68	1.54	23.22	7.1%	18%
	Purbeck	45860	44.59	18.66	1.58	20.24	8.5%	16%
	West Dorset	38540	39.61	18.79	1.46	20.25	7.8%	16%
	Weymouth & Portla	39884	40.22	21.12	1.53	22.65	7.3%	18%
	Wimborne	41976	43.92	22.87	1.67	24.54	7.3%	19%
Gloucs	Cheltenham	38988	39.75	17.08	1.42	18.50	8.3%	15%
	Cotswold	37494	38.95	19.62	1.46	21.08	7.5%	17%
	Forest Of Dean	30025	32.27	18.73	1.27	20.00	6.8%	16%
	Gloucester	29428	31.75	18.17	1.25	19.42	6.9%	15%
	Stroud	32266	33.25	16.76	1.25	18.01	7.5%	14%
	Tewkesbury	33909	35.74	19.24	1.37	20.61	7.1%	16%
Somerset	Mendip	31370	32.91	18.40	1.28	19.68	7.0%	16%
	Sedgemoor	29129	31.64	18.68	1.26	19.94	6.7%	16%
	South Somerset	32864	33.64	16.18	1.25	17.43	7.7%	14%
	Taunton Deane	33461	34.25	17.78	1.30	19.08	7.3%	15%
	West Somerset	32117	33.51	20.07	1.34	21.41	6.7%	17%
	Kennet	36001	35.58	20.85	1.41	22.26	6.8%	18%
Wilts	North Wiltshire	34507	36.87	18.42	1.38	19.80	7.5%	16%
	Salisbury	41080	40.86	17.12	1.45	18.57	8.5%	15%
	Thamesdown	28382	29.10	18.71	1.20	19.91	6.4%	16%
	West Wiltshire	35104	37.72	19.63	1.43	21.06	7.3%	17%
W MIDS	Bromsgrove	26536	30.95	14.64	1.14	15.78	7.8%	12%
Hf/Worcs	Hereford	30981	36.68	13.63	1.26	14.89	9.2%	12%
	Leominster	26675	31.66	17.80	1.24	19.04	6.9%	15%
	Malvern Hills	30009	35.87	21.44	1.43	22.87	6.7%	18%
	Redditch	23201	30.04	19.01	1.23	20.24	6.4%	16%
	South Herefordshi	28203	32.76	17.79	1.26	19.05	7.1%	15%
	Worcester	30981	36.20	17.85	1.35	19.20	7.6%	15%
	Wychavon	29453	34.75	16.11	1.27	17.38	7.9%	13%
	Wyre Forest	25285	32.51	19.25	1.29	20.54	6.7%	16%
Salop	Bridgnorth	26258	31.22	13.96	1.13	15.09	8.1%	12%
	North Shropshire	23896	28.95	16.97	1.15	18.12	6.8%	14%
	Oswestry	23618	28.82	16.74	1.14	17.88	6.8%	14%
	Shrewsbury & Atch	23757	29.17	16.31	1.14	17.45	7.0%	14%
	South Shropshire	26536	33.31	18.51	1.30	19.81	7.0%	15%
	The Wrekin	22229	30.24	21.78	1.30	23.08	6.0%	18%
Staffs	Cannock Chase	20284	24.94	18.94	1.10	20.04	5.8%	16%
	East Staffordshir	22923	27.31	17.74	1.13	18.87	6.3%	15%
	Lichfield	22923	27.33	15.72	1.08	16.80	6.8%	13%
	Newcastle-Under-L	22507	28.63	15.03	1.09	16.12	7.3%	13%
	South Staffordshi	23896	30.04	17.90	1.20	19.10	6.7%	15%
	Stafford	24868	30.93	15.32	1.16	16.48	7.5%	13%
	Staffs Moorlands	22507	27.05	13.83	1.02	14.85	7.4%	12%
	Stoke-On-Trent	20701	25.52	17.44	1.07	18.51	6.2%	14%
	Tamworth	20978	25.72	19.93	1.14	21.07	5.7%	16%

Warks	North Warwickshir	25563	32.15	17.07	1.23	18.30	7.2%	14%
	Nuneaton	21534	29.76	20.53	1.26	21.79	6.1%	17%
	Rugby	24174	30.35	19.36	1.24	20.60	6.4%	16%
	Stratford-On-Avon	30287	35.57	15.44	1.28	16.72	8.3%	13%
	Warwick	30148	35.93	19.41	1.38	20.79	7.1%	16%
W Mids	Birmingham	22229	32.73	18.77	1.29	20.06	6.9%	16%
	Coventry	20701	29.81	22.28	1.30	23.58	5.8%	18%
	Dudley	22368	28.38	16.35	1.12	17.47	6.8%	14%
	Sandwell	22507	28.82	17.80	1.17	18.97	6.5%	15%
	Solihull	25007	32.06	19.48	1.29	20.77	6.6%	16%
	Walsall	21673	27.73	16.84	1.11	17.95	6.6%	14%
	Wolverhampton	21673	27.80	20.89	1.22	22.11	5.8%	17%
N WEST	Chester	23653	32.71	16.16	1.22	17.38	7.6%	13%
Cheshire	Congleton	21843	30.73	16.12	1.17	17.29	7.3%	13%
	Crewe & Nantwich	17707	25.56	15.75	1.03	16.78	6.6%	13%
	Ellesmere Port	19905	27.97	11.99	1.00	12.99	8.3%	10%
	Halton	19129	27.32	17.19	1.11	18.30	6.5%	14%
	Macclesfield	25592	36.35	15.03	1.28	16.31	8.5%	12%
	Vale Royal	23524	33.69	15.74	1.24	16.98	7.9%	13%
	Warrington	20680	29.08	16.07	1.13	17.20	7.0%	13%
Lancs	Blackburn	17320	26.33	21.12	1.19	22.31	5.6%	17%
	Blackpool	21456	30.17	18.60	1.22	19.82	6.6%	15%
	Burnley	14218	21.09	17.32	0.96	18.28	5.5%	14%
	Chorley	20551	29.16	16.73	1.15	17.88	6.9%	14%
	Fylde	23653	32.21	19.50	1.29	20.79	6.6%	16%
	Hyndburn	16156	24.33	21.09	1.14	22.23	5.4%	17%
	Lancaster	20809	28.81	19.31	1.20	20.51	6.2%	16%
	Pendle	19258	27.16	20.13	1.18	21.31	5.9%	16%
	Preston	17320	25.24	19.11	1.11	20.22	5.8%	15%
	Ribble Valley	23394	31.81	19.12	1.27	20.39	6.7%	16%
	Rossendale	17449	24.89	20.50	1.13	21.63	5.5%	17%
	South Ribble	21973	32.07	19.84	1.30	21.14	6.5%	16%
	West Lancashire	20809	32.60	18.55	1.28	19.83	6.9%	15%
	Wyre	21326	29.02	17.10	1.15	18.25	6.7%	14%
G Manch	Bolton	17320	24.87	17.51	1.06	18.57	6.1%	14%
	Bury	19000	25.87	17.23	1.08	18.31	6.3%	14%
	Manchester	24170	35.65	15.63	1.28	16.91	8.2%	13%
	Oldham	12279	21.23	19.32	1.01	20.33	5.2%	16%
	Rochdale	19388	29.17	19.07	1.21	20.28	6.3%	15%
	Salford	24170	31.76	18.52	1.26	19.78	6.8%	15%
	Stockport	23524	33.04	16.85	1.25	18.10	7.4%	14%
	Tameside	20809	29.76	19.40	1.23	20.63	6.3%	16%
	Trafford	24170	34.61	17.35	1.30	18.65	7.5%	14%
	Wigan	20292	28.41	17.55	1.15	18.70	6.5%	14%
Mersyd	Knowsley	19388	29.47	22.46	1.30	23.76	5.8%	18%
	Liverpool	19646	28.93	17.34	1.16	18.50	6.7%	14%
	Sefton	21714	31.72	18.33	1.25	19.58	6.8%	15%
	St. Helens	19517	26.40	18.88	1.13	20.01	6.0%	15%
	Wirral	20551	29.17	22.67	1.30	23.97	5.7%	18%
	NORTHERN	21991	31.89	18.04	1.25	19.29	6.9%	15%
	YORKS/HUMBS	20847	28.62	17.11	1.14	18.26	6.7%	14%
	EAST MIDLANDS	23790	29.47	17.21	1.17	18.38	6.8%	14%
	EAST ANGLIA	31680	28.57	17.46	1.15	18.61	6.6%	14%
	GREATER LONDON	56893	49.68	22.52	1.80	24.32	8.0%	16%
	STH EAST+LONDON	48814	42.24	20.56	1.57	22.13	7.6%	16%
	SOUTH WEST	34707	36.28	19.10	1.38	20.48	7.2%	16%
	WEST MIDLANDS	24641	30.60	17.72	1.21	18.93	6.8%	15%
	NORTH WEST	20369	29.14	18.11	1.18	19.29	6.5%	15%
	METS	20237	28.85	18.00	1.17	19.17	6.6%	15%
	SHIRES	33082	34.21	19.56	1.32	19.88	7.1%	15%
	NATIONAL	33966	35.07	18.86	1.35	20.21	7.2%	15%
	TOWN HALL	28783	32.91	18.32	1.28	19.60	7.0%	15%

CONSERVATIVE HELD	39211	37.44	19.68	1.43	21.11	7.4%	16%
SLD HELD	41232	39.35	18.59	1.45	20.04	7.8%	15%
OTHER	36329	35.77	18.80	1.36	20.16	7.3%	15%
NO OVERALL CONTROL	30872	33.66	18.46	1.30	19.76	7.1%	15%
LABOUR in London	53125	48.77	19.45	1.71	21.16	8.9%	14%
CONSERVATIVE in London	57726	50.75	27.03	1.94	28.97	7.3%	19%

(2) Cap Val Rents with #53 limit, first year, unsorted

Authority	average capital values for each LA (#)	CAPITAL VALUE RENT with regional rates of return 6.0% N, 5.5% YH,NW, 5.0% EM,WM, 4.25% SW, 3.5% EA,GL,SE limit =#53	Actual Weekly Rent in April 88	Rent increase implied by 2.5% move towards CAP.VAL.RENT plus 5% for INFLATION	Revised Weekly Rent Level	CASH Rent Increase in % terms	Increased Rent as a proportion of NET income
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
HACKNEY	58512	53.00	15.17	1.70	16.87	11.2%	11%
Stevenage	46761	43.31	14.30	1.44	15.74	10.1%	12%
BRENT	52612	51.77	17.10	1.72	18.82	10.1%	13%
GREENWICH	59987	53.00	18.06	1.78	19.84	9.8%	13%
HARINGEY	58512	51.89	17.80	1.74	19.54	9.8%	13%
Reigate & Banstea	56737	47.89	17.00	1.62	18.62	9.5%	14%
TOWER HAMLETS	58512	53.00	19.11	1.80	20.91	9.4%	14%
ISLINGTON	66543	53.00	19.22	1.81	21.03	9.4%	14%
Windsor & Maidenh	62816	52.54	19.43	1.80	21.23	9.3%	16%
Hereford	30981	36.68	13.63	1.26	14.89	9.2%	12%
HOUNSLOW	61299	52.95	19.71	1.82	21.53	9.2%	14%
BARKING	44089	40.69	15.15	1.40	16.55	9.2%	11%
Harlow	49255	43.09	16.10	1.48	17.58	9.2%	13%
BEXLEY	51956	48.68	18.34	1.68	20.02	9.1%	13%
St. Albans	52216	42.74	16.13	1.47	17.60	9.1%	13%
South Bucks	63127	53.00	20.07	1.83	21.90	9.1%	16%
Watford	55178	46.03	17.46	1.59	19.05	9.1%	14%
Slough	56425	48.51	18.56	1.68	20.24	9.0%	15%
Dacorum	54399	44.99	17.30	1.56	18.86	9.0%	14%
SOUTHWARK	56709	53.00	20.39	1.83	22.22	9.0%	15%
Epping Forest	55957	49.79	19.23	1.73	20.96	9.0%	16%
LEWISHAM	57201	53.00	20.65	1.84	22.49	8.9%	15%
Wycombe	54866	44.56	17.57	1.55	19.12	8.8%	14%
Welwyn Hatfield	50969	42.15	16.82	1.47	18.29	8.8%	14%
Isle of Scilly	53030	52.33	20.94	1.83	22.77	8.7%	18%
Woking	61569	51.04	20.46	1.79	22.25	8.7%	17%
Maidstone	44267	40.67	16.32	1.42	17.74	8.7%	13%
Thurrock	55490	46.89	18.85	1.64	20.49	8.7%	15%
CAMDEN	67363	53.00	21.34	1.86	23.20	8.7%	16%
Chiltern	56737	45.17	18.31	1.59	19.90	8.7%	15%
HILLINGDON	61299	52.06	21.26	1.83	23.09	8.6%	16%
Blaby	26157	31.26	12.77	1.10	13.87	8.6%	11%
Tandridge	54087	45.94	18.78	1.62	20.40	8.6%	15%
Elmbridge	64063	52.23	21.37	1.84	23.21	8.6%	17%
NEWHAM	49498	47.95	19.73	1.69	21.42	8.6%	14%
Oxford	47073	39.68	16.36	1.40	17.76	8.6%	13%
Macclesfield	25592	36.35	15.03	1.28	16.31	8.5%	12%
Broxbourne	63439	52.48	21.75	1.86	23.61	8.5%	18%
Exeter	35851	34.92	14.51	1.24	15.75	8.5%	12%
Purbeck	45860	44.59	18.66	1.58	20.24	8.5%	16%
Salisbury	41080	40.86	17.12	1.45	18.57	8.5%	15%
Runnymede	57984	50.06	21.27	1.78	23.05	8.4%	17%
Beverley	26943	33.11	14.16	1.18	15.34	8.3%	12%
Mole Valley	50658	41.68	17.83	1.49	19.32	8.3%	14%
East Devon	37644	38.52	16.50	1.38	17.88	8.3%	14%
Ellesmere Port	19905	27.97	11.99	1.00	12.99	8.3%	10%
Cheltenham	38988	39.75	17.08	1.42	18.50	8.3%	15%
WALTHAM FOREST	48187	45.89	19.76	1.64	21.40	8.3%	14%
HAVERING	61299	51.87	22.49	1.86	24.35	8.3%	16%
Stratford-On-Avon	30287	35.57	15.44	1.28	16.72	8.3%	13%
Wansdyke	34208	37.11	16.11	1.33	17.44	8.3%	14%
RICHMOND UPON THA	62774	53.00	23.02	1.90	24.92	8.3%	17%
Three Rivers	52216	44.45	19.33	1.59	20.92	8.2%	16%

Hart	57204	45.84	19.95	1.64	21.59	8.2%	16%
East Hertfordshir	52372	44.02	19.16	1.58	20.74	8.2%	15%
Crawley	55646	44.77	19.53	1.61	21.14	8.2%	16%
Vale Of White Hor	47696	40.39	17.62	1.45	19.07	8.2%	14%
Waverley	59386	47.78	20.90	1.72	22.62	8.2%	17%
Manchester	24170	35.65	15.63	1.28	16.91	8.2%	13%
South Lakeland	29469	40.67	17.87	1.46	19.33	8.2%	15%
Carlisle	21068	30.02	13.25	1.08	14.33	8.2%	11%
Craven	26979	40.22	17.78	1.45	19.23	8.2%	15%
South Oxfordshire	50969	43.82	19.53	1.58	21.11	8.1%	16%
Bridgnorth	26258	31.22	13.96	1.13	15.09	8.1%	12%
Lincoln	32868	37.75	16.89	1.37	18.26	8.1%	14%
Bracknell	55646	45.60	20.41	1.65	22.06	8.1%	16%
Carrick	27038	35.86	16.16	1.30	17.46	8.0%	14%
Aylesbury Vale	46293	38.13	17.24	1.38	18.62	8.0%	14%
North Hertfordshi	46293	38.56	17.44	1.40	18.84	8.0%	14%
Kingswood	33162	34.90	15.80	1.27	17.07	8.0%	13%
Wansbeck	26842	36.98	16.80	1.34	18.14	8.0%	14%
Gravesham	42553	36.92	16.81	1.34	18.15	8.0%	14%
Sevenoaks	51437	43.24	19.72	1.57	21.29	8.0%	16%
CITY OF LONDON	108502	53.00	24.26	1.93	26.19	8.0%	18%
York	23569	29.99	13.83	1.10	14.93	7.9%	11%
North Dorset	40333	39.54	18.26	1.44	19.70	7.9%	16%
Wychavon	29453	34.75	16.11	1.27	17.38	7.9%	13%
Newbury	51593	42.01	19.51	1.54	21.05	7.9%	16%
KINGSTON UPON THA	58348	51.14	23.78	1.87	25.65	7.9%	17%
Vale Royal	23524	33.69	15.74	1.24	16.98	7.9%	13%
Horsham	53308	44.17	20.67	1.62	22.29	7.8%	17%
Charnwood	25610	33.06	15.52	1.21	16.73	7.8%	13%
Rother	37565	34.54	16.28	1.27	17.55	7.8%	13%
Mid Bedfordshire	40682	34.37	16.22	1.26	17.48	7.8%	13%
Uttlesford	46761	41.35	19.55	1.52	21.07	7.8%	16%
Bromsgrove	26536	30.95	14.64	1.14	15.78	7.8%	12%
West Dorset	38540	39.61	18.79	1.46	20.25	7.8%	16%
North Tyneside	21462	31.64	15.02	1.17	16.19	7.8%	12%
Tonbridge & Malli	48008	39.93	19.09	1.48	20.57	7.7%	15%
Teesdale	24886	33.27	15.93	1.23	17.16	7.7%	13%
South Somerset	32864	33.64	16.18	1.25	17.43	7.7%	14%
Oadby & Wigston	26979	30.05	14.48	1.11	15.59	7.7%	12%
Plymouth	36150	37.82	18.29	1.40	19.69	7.7%	16%
Rushmoor	50658	45.13	21.86	1.67	23.53	7.7%	18%
HARROW	61299	52.50	25.46	1.95	27.41	7.7%	18%
SUTTON	56382	48.80	23.67	1.81	25.48	7.7%	17%
Mid Sussex	50658	42.07	20.41	1.56	21.97	7.7%	16%
Guildford	52684	43.89	21.30	1.63	22.93	7.7%	17%
Eden	26884	35.65	17.32	1.32	18.64	7.6%	14%
Corby	25896	32.15	15.63	1.19	16.82	7.6%	13%
Bath	38092	40.48	19.72	1.51	21.23	7.6%	17%
Rutland	26568	30.94	15.08	1.15	16.23	7.6%	13%
CROYDON	60151	51.95	25.33	1.93	27.26	7.6%	18%
Tynedale	21364	31.52	15.47	1.17	16.64	7.6%	13%
Adur	44423	38.71	19.03	1.44	20.47	7.6%	15%
Worcester	30981	36.20	17.85	1.35	19.20	7.6%	15%
Spelthorne	56113	48.74	24.04	1.82	25.86	7.6%	19%
Chester	23653	32.71	16.16	1.22	17.38	7.6%	13%
Epsom & Ewell	50658	44.27	21.88	1.65	23.53	7.6%	18%
Surrey Heath	51905	44.43	21.97	1.66	23.63	7.6%	18%
East Hampshire	48008	42.66	21.10	1.59	22.69	7.6%	17%
Stafford	24868	30.93	15.32	1.16	16.48	7.5%	13%
Basingstoke	48320	41.57	20.70	1.56	22.26	7.5%	17%
ENFIELD	61463	50.52	25.16	1.89	27.05	7.5%	18%
North Wiltshire	34507	36.87	18.42	1.38	19.80	7.5%	16%
Newark & Sherwood	23966	32.54	16.27	1.22	17.49	7.5%	14%
South Cambridgesh	38849	34.02	17.02	1.28	18.30	7.5%	14%
Winchester	49567	41.51	20.80	1.56	22.36	7.5%	17%

Wokingham	44891	41.74	20.99	1.57	22.56	7.5%	17%
Cotswold	37494	38.95	19.62	1.46	21.08	7.5%	17%
Stroud	32266	33.25	16.76	1.25	18.01	7.5%	14%
Tunbridge Wells	43799	36.48	18.39	1.37	19.76	7.5%	15%
Darlington	21594	31.37	15.97	1.18	17.15	7.4%	13%
Stockport	23524	33.04	16.85	1.25	18.10	7.4%	14%
HAMMERSMITH	63102	53.00	27.06	2.00	29.06	7.4%	20%
Lewes	43644	39.21	20.04	1.48	21.52	7.4%	16%
Staffs Moorlands	22507	27.05	13.83	1.02	14.85	7.4%	12%
Doncaster	19880	28.07	14.37	1.06	15.43	7.4%	12%
Dartford	48631	40.63	20.82	1.54	22.36	7.4%	17%
Northavon	33013	36.16	18.56	1.37	19.93	7.4%	16%
South Bedfordshir	42085	40.16	20.63	1.52	22.15	7.4%	17%
Copeland	22102	33.54	17.23	1.27	18.50	7.4%	14%
West Oxfordshire	43332	36.23	18.67	1.37	20.04	7.4%	15%
Cherwell	40370	33.79	17.43	1.28	18.71	7.3%	14%
Blyth Valley	25473	35.51	18.33	1.35	19.68	7.3%	15%
Harrogate	25939	33.22	17.16	1.26	18.42	7.3%	14%
Scarborough	23701	31.48	16.29	1.19	17.48	7.3%	13%
Taunton Deane	33461	34.25	17.78	1.30	19.08	7.3%	15%
St. Edmundsbury	32473	28.21	14.65	1.07	15.72	7.3%	12%
Hertsmere	43799	39.46	20.52	1.50	22.02	7.3%	16%
West Wiltshire	35104	37.72	19.63	1.43	21.06	7.3%	17%
Derbyshire Dales	28760	33.95	17.67	1.29	18.96	7.3%	15%
Chichester	47696	40.04	20.84	1.52	22.36	7.3%	17%
Wimborne	41976	43.92	22.87	1.67	24.54	7.3%	19%
East Northants	23411	28.77	15.00	1.09	16.09	7.3%	12%
Harborough	27801	34.62	18.11	1.32	19.43	7.3%	15%
Congleton	21843	30.73	16.12	1.17	17.29	7.3%	13%
Newcastle-Under-L	22507	28.63	15.03	1.09	16.12	7.3%	13%
Gateshead	23437	36.00	18.90	1.37	20.27	7.3%	15%
Weymouth & Portla	39884	40.22	21.12	1.53	22.65	7.3%	18%
Basildon	41617	39.76	20.89	1.52	22.41	7.3%	17%
BARNET	56546	49.33	26.07	1.89	27.96	7.2%	19%
Rushcliffe	26842	33.66	17.82	1.29	19.11	7.2%	15%
North Warwickshir	25563	32.15	17.07	1.23	18.30	7.2%	14%
Barrow-in-Furness	25204	36.14	19.19	1.38	20.57	7.2%	16%
Penwith	33461	36.69	19.49	1.40	20.89	7.2%	16%
Brighton	44111	40.41	21.52	1.55	23.07	7.2%	17%
Bristol	28830	31.78	16.94	1.22	18.16	7.2%	14%
Suffolk Coastal	36625	30.61	16.34	1.17	17.51	7.2%	13%
Berwick-Upon-Twee	22049	29.45	15.72	1.13	16.85	7.2%	13%
Chelmsford	42085	33.91	18.16	1.30	19.46	7.2%	15%
Restormel	29876	32.11	17.20	1.23	18.43	7.2%	15%
WESTMINSTER	52448	53.00	28.41	2.04	30.45	7.2%	20%
South Tyneside	21462	30.35	16.28	1.17	17.45	7.2%	13%
LAMBETH	19996	34.80	18.69	1.34	20.03	7.2%	13%
Hastings	37876	34.57	18.58	1.33	19.91	7.2%	15%
Braintree	40682	33.96	18.26	1.31	19.57	7.1%	15%
Tewkesbury	33909	35.74	19.24	1.37	20.61	7.1%	16%
Cambridge	41963	33.95	18.31	1.31	19.62	7.1%	15%
Warwick	30148	35.93	19.41	1.38	20.79	7.1%	16%
Brentwood	42085	38.39	20.74	1.48	22.22	7.1%	17%
REDBRIDGE	53595	50.22	27.18	1.94	29.12	7.1%	20%
South Holland	25747	33.16	17.98	1.28	19.26	7.1%	15%
Poole	39436	39.93	21.68	1.54	23.22	7.1%	18%
South Herefordshi	28203	32.76	17.79	1.26	19.05	7.1%	15%
Christchurch	40034	40.64	22.08	1.57	23.65	7.1%	19%
Thanet	35382	33.82	18.38	1.31	19.69	7.1%	15%
Rotherham	18441	26.77	14.55	1.03	15.58	7.1%	12%
Northampton	25896	33.67	18.37	1.30	19.67	7.1%	15%
South Kesteven	25747	32.01	17.49	1.24	18.73	7.1%	15%
Caradon	34955	35.71	19.53	1.38	20.91	7.1%	16%
High Peak	25884	32.75	17.93	1.27	19.20	7.1%	15%
Reading	40526	35.14	19.30	1.36	20.66	7.1%	15%
[illegible]	25242	34.79	19.15	1.35	20.50	7.0%	16%

Warrington	20680	29.08	16.07	1.13	17.20	7.0%	13%
Amber Valley	23145	29.57	16.35	1.15	17.50	7.0%	14%
Selby	23174	30.93	17.13	1.20	18.33	7.0%	14%
Erewash	23829	28.85	16.00	1.12	17.12	7.0%	13%
Melton	25747	31.43	17.44	1.22	18.66	7.0%	14%
Wakefield	21973	28.86	16.03	1.12	17.15	7.0%	13%
BROMLEY	53759	48.13	26.74	1.87	28.61	7.0%	19%
South Shropshire	26536	33.31	18.51	1.30	19.81	7.0%	15%
North Devon	32266	33.11	18.42	1.29	19.71	7.0%	16%
Maldon	40682	34.71	19.33	1.35	20.68	7.0%	15%
Mendip	31370	32.91	18.40	1.28	19.68	7.0%	16%
Shrewsbury & Atch	23757	29.17	16.31	1.14	17.45	7.0%	14%
Milton Keynes	37409	33.63	18.85	1.31	20.16	7.0%	15%
Holderness	22365	30.17	16.93	1.18	18.11	7.0%	14%
Gosport	39903	34.42	19.32	1.34	20.66	7.0%	15%
East Lindsey	24514	30.59	17.19	1.19	18.38	6.9%	14%
Leominster	26675	31.66	17.80	1.24	19.04	6.9%	15%
Eastleigh	40838	36.45	20.51	1.42	21.93	6.9%	16%
Eastbourne	41929	37.09	20.89	1.45	22.34	6.9%	17%
South Hams	28980	34.07	19.22	1.33	20.55	6.9%	16%
Allerdale	25204	33.99	19.18	1.33	20.51	6.9%	16%
Luton	42085	36.56	20.66	1.43	22.09	6.9%	16%
West Lancashire	20809	32.60	18.55	1.28	19.83	6.9%	15%
Ipswich	35291	31.11	17.71	1.22	18.93	6.9%	15%
Great Yarmouth	32770	28.58	16.30	1.12	17.42	6.9%	13%
Fareham	40214	36.17	20.66	1.42	22.08	6.9%	16%
Gloucester	29428	31.75	18.17	1.25	19.42	6.9%	15%
Birmingham	22229	32.73	18.77	1.29	20.06	6.9%	16%
Huntingdonshire	32473	29.99	17.20	1.18	18.38	6.9%	14%
Barnsley	19488	27.77	15.93	1.09	17.02	6.9%	13%
Chorley	20551	29.16	16.73	1.15	17.88	6.9%	14%
South Wight	43332	35.40	20.32	1.39	21.71	6.9%	16%
Daventry	24981	29.83	17.15	1.17	18.32	6.8%	14%
Lichfield	22923	27.33	15.72	1.08	16.80	6.8%	13%
Dudley	22368	28.38	16.35	1.12	17.47	6.8%	14%
Kerrier	28233	31.71	18.28	1.25	19.53	6.8%	15%
North West Leices	26431	31.24	18.02	1.23	19.25	6.8%	15%
Sunderland	16195	25.53	14.73	1.01	15.74	6.8%	12%
Sefton	21714	31.72	18.33	1.25	19.58	6.8%	15%
Rochford	43332	38.38	22.22	1.51	23.73	6.8%	18%
Hambleton	22323	28.97	16.78	1.14	17.92	6.8%	14%
Chester-Le-Street	23174	33.43	19.39	1.32	20.71	6.8%	16%
Forest Of Dean	30025	32.27	18.73	1.27	20.00	6.8%	16%
Oswestry	23618	28.82	16.74	1.14	17.88	6.8%	14%
Salford	24170	31.76	18.52	1.26	19.78	6.8%	15%
Havant	42708	37.77	22.06	1.50	23.56	6.8%	18%
New Forest	46917	38.41	22.48	1.52	24.00	6.8%	18%
Kennet	36001	35.58	20.85	1.41	22.26	6.8%	18%
North Shropshire	23896	28.95	16.97	1.15	18.12	6.8%	14%
Babergh	31139	29.55	17.35	1.17	18.52	6.8%	14%
South Northants	19488	25.52	15.00	1.01	16.01	6.8%	12%
Gedling	25199	29.35	17.26	1.17	18.43	6.8%	14%
Wyre	21326	29.02	17.10	1.15	18.25	6.7%	14%
Bournemouth	39735	40.26	23.74	1.60	25.34	6.7%	20%
Sedgemoor	29129	31.64	18.68	1.26	19.94	6.7%	16%
Newcastle upon Ty	21067	33.45	19.76	1.33	21.09	6.7%	16%
Chesterfield	23145	28.25	16.71	1.12	17.83	6.7%	14%
Kingston upon Hul	22757	29.65	17.55	1.18	18.73	6.7%	14%
Durham	20672	30.07	17.80	1.20	19.00	6.7%	14%
Teignbridge	33611	34.61	20.49	1.38	21.87	6.7%	17%
Wyre Forest	25285	32.51	19.25	1.29	20.54	6.7%	16%
Forest Heath	34253	29.35	17.44	1.17	18.61	6.7%	14%
East Yorkshire	24327	32.35	19.26	1.29	20.55	6.7%	16%
South Staffordshi	23896	30.04	17.90	1.20	19.10	6.7%	15%
North East Derbys	23282	29.27	17.48	1.17	18.65	6.7%	14%
[illegible]	[illegible]	35.87	21.44	1.43	22.87	6.7%	18%

Broadland	33660	28.58	17.10	1.14	18.24	6.7%	14%
West Somerset	32117	33.51	20.07	1.34	21.41	6.7%	17%
Hove	40526	35.94	21.54	1.44	22.98	6.7%	17%
Liverpool	19646	28.93	17.34	1.16	18.50	6.7%	14%
Torridge	31220	33.43	20.04	1.34	21.38	6.7%	17%
Mid Devon	31669	32.37	19.41	1.29	20.70	6.7%	16%
Castle Morpeth	23829	32.17	19.30	1.29	20.59	6.7%	16%
Ribble Valley	23394	31.81	19.12	1.27	20.39	6.7%	16%
Richmondshire	25017	33.13	20.02	1.33	21.35	6.6%	16%
Fylde	23653	32.21	19.50	1.29	20.79	6.6%	16%
Walsall	21673	27.73	16.84	1.11	17.95	6.6%	14%
Solihull	25007	32.06	19.48	1.29	20.77	6.6%	16%
Boston	21775	26.69	16.22	1.07	17.29	6.6%	13%
Bassetlaw	19584	26.02	15.87	1.05	16.92	6.6%	13%
West Devon	34656	35.87	21.93	1.45	23.38	6.6%	18%
North Bedfordshir	35071	30.50	18.77	1.23	20.00	6.6%	15%
Crewe & Nantwich	17707	25.56	15.75	1.03	16.78	6.6%	13%
Blackpool	21456	30.17	18.60	1.22	19.82	6.6%	15%
Derwentside	20146	28.69	17.70	1.16	18.86	6.6%	14%
Sandwell	22507	28.82	17.80	1.17	18.97	6.5%	15%
Wigan	20292	28.41	17.55	1.15	18.70	6.5%	14%
Test Valley	43176	37.29	23.04	1.51	24.55	6.5%	18%
South Ribble	21973	32.07	19.84	1.30	21.14	6.5%	16%
Swale	34759	31.19	19.36	1.26	20.62	6.5%	15%
Southampton	35850	32.00	19.86	1.30	21.16	6.5%	16%
North Norfolk	31435	27.57	17.12	1.12	18.24	6.5%	14%
Rochester-o-Medwa	37876	35.01	21.76	1.42	23.18	6.5%	17%
MERTON	36222	37.49	23.42	1.52	24.94	6.5%	17%
Dover	35538	32.60	20.49	1.33	21.82	6.5%	16%
Portsmouth	38656	35.55	22.36	1.45	23.81	6.5%	18%
Halton	19129	27.32	17.19	1.11	18.30	6.5%	14%
Canterbury	34603	31.77	20.02	1.29	21.31	6.5%	16%
Langbaurgh	20409	31.79	20.05	1.30	21.35	6.5%	16%
Sedgefield	18039	29.73	18.78	1.21	19.99	6.5%	15%
Wellingborough	25635	29.99	18.95	1.22	20.17	6.5%	16%
Redditch	23201	30.04	19.01	1.23	20.24	6.4%	16%
Glanford	17657	23.59	14.94	0.96	15.90	6.4%	12%
Ryedale	21462	27.80	17.62	1.14	18.76	6.4%	14%
Wealden	42085	35.68	22.64	1.46	24.10	6.4%	18%
West Lindsey	21364	27.81	17.66	1.14	18.80	6.4%	15%
EALING	33272	34.61	21.99	1.42	23.41	6.4%	16%
Rugby	24174	30.35	19.36	1.24	20.60	6.4%	16%
Colchester	33356	29.88	19.11	1.22	20.33	6.4%	15%
Thamesdown	28382	29.10	18.71	1.20	19.91	6.4%	16%
WANDSWORTH	49498	50.17	32.27	2.06	34.33	6.4%	23%
Kettering	25112	31.05	20.10	1.28	21.38	6.4%	17%
North Kesteven	23282	28.59	18.53	1.18	19.71	6.4%	15%
East Staffordshir	22923	27.31	17.74	1.13	18.87	6.3%	15%
Norwich	34253	29.94	19.48	1.24	20.72	6.3%	16%
Bolsover	21912	28.12	18.30	1.16	19.46	6.3%	15%
Tameside	20809	29.76	19.40	1.23	20.63	6.3%	16%
Rochdale	19388	29.17	19.07	1.21	20.28	6.3%	15%
Kings Lynn & W.N.	24318	24.47	16.05	1.01	17.06	6.3%	13%
Breckland	27135	26.48	17.38	1.10	18.48	6.3%	14%
East Cambridgeshi	30991	27.42	18.09	1.14	19.23	6.3%	15%
South Derbyshire	22323	26.82	17.71	1.11	18.82	6.3%	15%
Broxtowe	25062	30.13	19.90	1.25	21.15	6.3%	16%
North Cornwall	29129	31.23	20.63	1.30	21.93	6.3%	17%
Castle Point	35071	31.79	21.05	1.32	22.37	6.3%	17%
Bury	19000	25.87	17.23	1.08	18.31	6.3%	14%
KENSINGTON & CHEL	76541	53.00	35.30	2.21	37.51	6.3%	25%
Boothferry	18441	26.01	17.36	1.08	18.44	6.2%	14%
Fenland	22539	23.08	15.42	0.96	16.38	6.2%	13%
Wear Valley	18697	27.30	18.24	1.14	19.38	6.2%	15%
Lancaster	20809	28.81	19.31	1.20	20.51	6.2%	16%
[illegible]	30842	29.35	19.68	1.23	20.91	6.2%	16%

Arun	35538	34.11	23.03	1.43	24.46	6.2%	18%
Torbay	34955	36.30	24.64	1.52	26.16	6.2%	21%
Cleethorpes	19226	27.03	18.42	1.14	19.56	6.2%	15%
Stoke-On-Trent	20701	25.52	17.44	1.07	18.51	6.2%	14%
Nuneaton	21534	29.76	20.53	1.26	21.79	6.1%	17%
Southend-On-Sea	40994	35.82	24.78	1.51	26.29	6.1%	20%
Scunthorpe	17526	26.24	18.18	1.11	19.29	6.1%	15%
Nottingham	22597	27.37	19.01	1.16	20.17	6.1%	16%
Peterborough	24170	25.11	17.56	1.07	18.63	6.1%	14%
Woodspring	29278	31.40	22.05	1.34	23.39	6.1%	18%
Bolton	17320	24.87	17.51	1.06	18.57	6.1%	14%
Ashford	37097	32.20	22.93	1.38	24.31	6.0%	18%
St. Helens	19517	26.40	18.88	1.13	20.01	6.0%	15%
Waveney	27877	26.19	18.78	1.12	19.90	6.0%	15%
Shepway	38032	33.44	24.03	1.44	25.47	6.0%	19%
The Wrekin	22229	30.24	21.78	1.30	23.08	6.0%	18%
Easington	16722	27.71	19.96	1.19	21.15	6.0%	16%
Derby	17667	22.32	16.10	0.96	17.06	6.0%	13%
Mid Suffolk	30546	27.84	20.18	1.20	21.38	5.9%	16%
Great Grimsby	17787	25.96	18.86	1.12	19.98	5.9%	15%
Calderdale	16349	25.39	18.53	1.10	19.63	5.9%	15%
Hartlepool	19751	28.40	20.89	1.23	22.12	5.9%	17%
Tendring	30395	26.65	19.71	1.16	20.87	5.9%	16%
Pendle	19258	27.16	20.13	1.18	21.31	5.9%	16%
Kirklees	17395	24.35	18.06	1.06	19.12	5.9%	15%
Stockton-On-Tees	17644	27.37	20.38	1.19	21.57	5.9%	16%
Coventry	20701	29.81	22.28	1.30	23.58	5.8%	18%
Wolverhampton	21673	27.80	20.89	1.22	22.11	5.8%	17%
Bradford	17003	24.93	18.73	1.09	19.82	5.8%	15%
Leeds	11510	19.52	14.74	0.86	15.60	5.8%	12%
Preston	17320	25.24	19.11	1.11	20.22	5.8%	15%
Sheffield	20796	28.66	21.73	1.26	22.99	5.8%	18%
Cannock Chase	20284	24.94	18.94	1.10	20.04	5.8%	16%
Knowsley	19388	29.47	22.46	1.30	23.76	5.8%	18%
Medina	33200	30.92	23.69	1.37	25.06	5.8%	19%
Tamworth	20978	25.72	19.93	1.14	21.07	5.7%	16%
Wirral	20551	29.17	22.67	1.30	23.97	5.7%	18%
Mansfield	18077	24.63	19.36	1.10	20.46	5.7%	16%
Gillingham	34759	30.47	23.97	1.36	25.33	5.7%	19%
Blackburn	17320	26.33	21.12	1.19	22.31	5.6%	17%
Leicester	20953	26.14	21.17	1.18	22.35	5.6%	17%
Ashfield	15338	20.25	16.46	0.92	17.38	5.6%	13%
Burnley	14218	21.09	17.32	0.96	18.28	5.5%	14%
Rossendale	17449	24.89	20.50	1.13	21.63	5.5%	17%
Worthing	25874	27.06	23.21	1.26	24.47	5.4%	18%
Hyndburn	16156	24.33	21.09	1.14	22.23	5.4%	17%
Middlesborough	17644	28.16	24.57	1.32	25.89	5.4%	20%
Oldham	12279	21.23	19.32	1.01	20.33	5.2%	16%
Hinckley & Boswor	13010	18.79	17.45	0.91	18.36	5.2%	14%
NORTHERN	21991	31.89	18.04	1.25	19.29	6.9%	15%
YORKS/HUMBS	20847	28.62	17.11	1.14	18.26	6.7%	14%
EAST MIDLANDS	23790	29.47	17.21	1.17	18.38	6.8%	14%
EAST ANGLIA	31680	28.57	17.46	1.15	18.61	6.6%	14%
GREATER LONDON	56893	49.68	22.52	1.80	24.32	8.0%	16%
STH EAST+LONDON	48814	42.24	20.56	1.57	22.13	7.6%	16%
SOUTH WEST	34707	36.28	19.10	1.38	20.48	7.2%	16%
WEST MIDLANDS	24641	30.60	17.72	1.21	18.93	6.8%	15%
NORTH WEST	20369	29.14	18.11	1.18	19.29	6.5%	15%
METS	20237	28.85	18.00	1.17	19.17	6.6%	15%
SHIRES	33082	34.21	18.56	1.32	19.88	7.1%	15%
NATIONAL	33966	35.07	18.86	1.35	20.21	7.2%	15%
[illegible]	28783	32.91	18.32	1.28	19.60	7.0%	15%

CONSERVATIVE HELD	39211	37.44	19.68	1.43	21.11	7.4%	16%
SLD HELD	41232	39.35	18.59	1.45	20.04	7.8%	15%
OTHER	36329	35.77	18.80	1.36	20.16	7.3%	15%
NO OVERALL CONTROL	30872	33.66	18.46	1.30	19.76	7.1%	15%
LABOUR in London	53125	48.77	19.45	1.71	21.16	8.9%	14%
CONSERVATIVE in London	57726	50.75	27.03	1.94	28.97	7.3%	19%

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

The Rt Hon Peter Walker MBE MP
Welsh Office
Gwydyr House
Whitehall
LONDON
SW1

16 February 1989

Dear Peter

Thank you for your letter of 26 January about the omission on introduction of the Local Government and Housing Bill of those provisions relating to group repair and minor works, to which you attach particular importance.

I agree these are essential, and Parliamentary Counsel has been asked to give priority to them, together with adaptations for the disabled, in completing drafting those provisions to go in Part VIII which could not be done in time for introduction. Clearly we must table Government amendments to cover these issues as soon as it is feasible to do so.

I am copying this reply to members of E(LF) and H Committees, to David Waddington and to Sir Robin Butler.

I made it clear on Tuesday in the debate that we would be making these amendments

NICHOLAS RIDLEY

HOUSING: Policy
Pt 14.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Richmond House, 79 Whitehall, London SW1A 2NS
Telephone 01-210 3000

From the Secretary of State for Social ~~Services~~ Security

The Rt Hon John Wakeham MP
Lord Privy Seal and
Leader of the House of Commons
Privy Council Office
Whitehall
London
SW1A 2AT

16 February 1989

Dear John.

I am writing to you in connection with Nick Ridley's letter of 13 February about Andrew Welsh's Housing Associations (Access to Information) Bill. I understand that 'L' Committee has agreed a neutral attitude towards the Bill which means, of course, that, as back-bench opposition seems unlikely, it stands a good chance of getting Second Reading 'on the nod' on Friday.

I am a little concerned that the course of action proposed for subsequent handling of this Bill may not square with our treatment of other Bills of a similar nature, all of which appear to have been spawned by Robin Squire's Local Government (Access to Information) Act 1985.

One such offspring was the Local Government (Access to Information) Act 1985 Extension Bill - which ended up as the sexier sounding Health Services Joint Consultative Committees' (Access to Information) Act 1986 - which was not opposed by the Government but drafting assistance was given to remedy its many defects. Another was Terry Lewis' Community Health Councils (Access to Information) Bill' which was handled in the same way. This Bill fell with the dissolution of the last Parliament but was taken up by Andrew Faulds and enacted last Session. Again the Government took a neutral stance but provided drafting assistance.

E.R.

None of these are areas where the Government would have sought to legislate and provisions relating to freedom of information obviously need to be considered on a case by case basis but if we are to be neutral to this Bill should we not adhere to the principle of that neutrality and arrange drafting assistance to knock it into a more acceptable shape? If we do not and the Bill, as seems likely, emerges in an unsatisfactory state from Committee, it will be much more difficult to block at Report Stage particularly as it stands an excellent chance of being first on the agenda on its day, and it will be even less attractive for the Government to be more clearly seen to stand in its way at that stage.

I am copying this to the Prime Minister, to members of H and L Committees and to Sir Robin Butler.

JOHN MOORE

Housing Policy PV1142

FILE KK.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

16 February 1989

Dear Roger,

RIGHT TO BUY: DELAYS

The Prime Minister was grateful for your Secretary of State's minute of 15 February. She is content to proceed on the basis he proposes.

I am copying this letter to the Private Secretaries to Members of E(UP), E(LF) and to Trevor Woolley (Cabinet Office)

Yours,
P-1

(PAUL GRAY)

Roger Bright, Esq.,
Department of the Environment.

CONFIDENTIAL

MRM

CONFIDENTIAL

Prime Minister

Content for the moment to see whether the 1988 Act has the desired effect, while monitoring the position monthly.

PRIME MINISTER

RIGHT TO BUY: DELAYS

I was asked by E(UP) on 31 January to bring forward a paper on action to deal with delays in completing sales under the right to buy (RTB) in inner city areas and in London in particular.

In 1987 we considered in E(LF) what action to take to deal with the problem of delays. In E(LF)(87)11 we discussed exercising the power of intervention by taking over a council's RTB powers. We proposed instead a new weapon to be used by tenants themselves. This will come into operation next month. Tenants will have power to require the council to treat rent paid during a period of delay as an advance payment towards the purchase price of the house or flat. The council can only escape this penalty if it promptly takes the next step in the sale or if progress is delayed through no fault of its own. If, when a sale is completed, it has been delayed for more than a year in total, one and a half times the rent paid during the period of delay will be deducted from the purchase price. Councils will therefore have a strong incentive to deal quickly with applications in the pipeline before they incur substantial penalties.

The most serious delays currently are in Brent, Camden, Hackney and Lewisham. If they do not respond to their tenants' RTB applications, they will lose receipts as a result of the above rent penalty at the rate of over £10m a year. That is a severe penalty and should be set against their investment programme allocations of about £69m in total.

It is possible that some boroughs, especially in inner London, will be too inefficient to cope with their accumulated backlog quickly. In that case I shall have to consider intervention. My Department would have to step into a landlord's shoes and carry out sales without having ready means of checking tenants' entitlements, or of

obtaining information on the properties to be sold, if the authority did not co-operate. The exercise could go badly wrong, and it would be staff-intensive. I am in any case reluctant to bail out an inefficient London borough by taking over one of its statutory functions either in this or other areas. We are of course preparing a much tighter financial regime for local housing authorities for 1990-91 and thereafter and in that context we have been addressing the problem of irredeemably inefficient local authorities. We shall be proposing a way forward which would involve a degree of intervention through strict financial disciplines but leaving the ultimate responsibility clearly with the Council. This seems to me essential; it would be a big mistake to be seen to let inefficient councils off the hook.

Next Steps

I think we must see whether the new provisions in the 1988 Act have the desired effect; they come into force at a good time because authorities can no longer say they have been taken by surprise by the high rate of RTB applications. We shall continue to get monthly returns from the worst performers and call their leaders in where necessary. If the 1988 Act and those pressures do not work, we shall have to contemplate direct intervention and I shall consult colleagues with proposals.

Copies of this minute go to members of E(UP), E(LF) and to Sir Robin Butler.

NR

15 February 1988

CONFIDENTIAL

42

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

15 February 1989

HOUSING ACTION TRUSTS: SELECTION OF AREAS

The Prime Minister is grateful for your Secretary of State's minute of 9 February. She has also seen the subsequent comments from colleagues.

The Prime Minister is content for your Secretary of State to proceed with his proposals, but agrees with the Chancellor of the Duchy of Lancaster that positive encouragement might be given to other councils who may wish to make a case for a HAT.

I should be grateful if you and copy recipients would ensure that copies of this letter are distributed on a strictly need to know basis.

I am copying this letter to the Private Secretaries to members of E(LF), Jeremy Godfrey (Department of Trade and Industry) and Sir Robin Butler.

(PAUL GRAY)

Miss Deborah Lamb,
Department of the Environment.

10

nbpm

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

The Rt Hon John Wakeham MP
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1A 2AT

15 February 1989

Dear John

Andrew Smith MP, who came 12th in the ballot for Private Members' Bills, has introduced the Houses in Multiple Occupation (Fire Safety Information) Bill. This is down for Second Reading on 24 February and I am writing to propose the line we should take.

According to the only text of the Bill we have seen, it provides that S366 of the Housing Act 1985, under which local authorities can and in some cases must require adequate provision of means of escape from fire in houses in multiple occupation, should be extended to require occupiers to be informed that notice has been served. The present requirement covers any owner, lessee or mortgagee of the house, but HMO occupants may be licensees rather than lessees. The extension is not in principle unreasonable.

The Bill also proposes that local authorities should maintain a register of properties subject to S366 notices available for public inspection. Some 4000 notices under this section are served a year, about half of them in London. The Bill does not appear to impose an onerous requirement, but we shall consult the local authority associations for their views. There is general support on both sides of the House for measures to improve the lot of HMO residents, and strong support in the local authority associations for improvements to the 1985 Act provisions.

We are making changes to the HMO notice system in the Local Government and Housing Bill, and could take these minor amendments on board too if necessary. I propose therefore that we should give the proposals a fair wind in speaking to the Bill. Should it come to a vote, we will abstain, and, depending on the results of the vote, and our consultation with local authorities, we can incorporate its provisions in our own Bill later in a way that fits in with our proposals.

I am copying this letter to the Prime Minister, members of H and L Committees and to Sir Robin Butler.

Yours ever

NICHOLAS RIDLEY Nicholas

PRIME MINISTER

HOUSING ACTION TRUSTS: SELECTION OF AREAS

At the meeting of E(EP) on 31 January Nick Ridley undertook to circulate his proposals for Housing Action Trusts (HATs).

His minute of 9 February (Flag A) fulfils that remit. His proposals are:

- to proceed with four HATs in Lambeth, Southwark, Sunderland and Leeds;
- to commission a further study of the coverage of a HAT in Sunderland; Sandwell.
- to invite other local authorities who think they can make a good case for a HAT to come forward; Bradford is the most likely possibility;
- that a HAT would not be the right approach in Tower Hamlets; he will consider further alternative means of tackling the problem in that area.

The annexes attached to his minute highlight just how difficult the position is in the estates where HATs are proposed. I do not suggest you go through this material in detail, but I have highlighted some key statistics.

Richard Wilson has provided commentary on the proposals (Flag B), suggesting you will want to endorse the approach.

Other collegues have offered broad support for the proposals. The only significant glosses are:

Flag C: Tony Newton suggests giving rather more positive encouragement to Bradford to come forward

Flag D: John Moore flags up the likely implications for housing benefit of increased rents

Flag E: John Major registers a need for the total HAT programme to be accommodated within available expenditure provision.

Other comments supporting the package are from Norman Fowler (Flag F), Douglas Hurd (Flag G) and Malcolm Rifkind (Flag H).

Content to agree Mr. Ridley's proposals, on the basis that he takes into account comments from colleagues?

Yes - I assume that DOE has a very positive campaign to inform the tenants of their proposals and some before and after pictures where other big blocks have been properly modernised and steps taken to reduce crime.

MT

Sara Lowe

pp PAUL GRAY

14 February 1989

SL3BHE

cst.ps/2jm14.2/lets

CONFIDENTIAL

CEPU

E



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW1P 3EB

14 **February 1989**

Dear Secretary of State,

HOUSING ACTION TRUSTS (HATS)

Thank you for copying me your minute of 9 February to the Prime Minister.

I am broadly content with your basic proposals. However I note that your figure of a total cost of £372 million over 10 years is recognised as provisional and taking no account of transfer costs. I should like your officials to discuss with mine in more detail, when firmer information is available on costs, management and financial controls and targets for HATs before final commitments are made on the expenditure involved.

I have already agreed to your proposals on further consultations with prospective HAT tenants. I note that you are also proposing to invite local authorities not previously considered to bid for a HAT. Clearly working with a cooperative local authority makes more sense than struggling with an unwilling one. However I should point out that we have only agreed to an initial tranche of 7 HATs. You are now proposing only 5 but if you decided that there were more than 2 cooperative local authorities deserving a HAT then they would have to be chosen at the expense of one of your existing candidates and the cost would have to be contained within existing provision. It would be wrong to agree to the establishment of more than a few experimental HATs before assessing the success of the first tranche.

CONFIDENTIAL

Your letter did not mention what would happen to capital receipts, realised by the local authorities when the estates are sold to central government. Under the new financial regime, after April 1990 you could require authorities to use all residual receipts to redeem debt but I would be interested to know if you have any proposals to restrict the use of receipts on sales taking place before then.

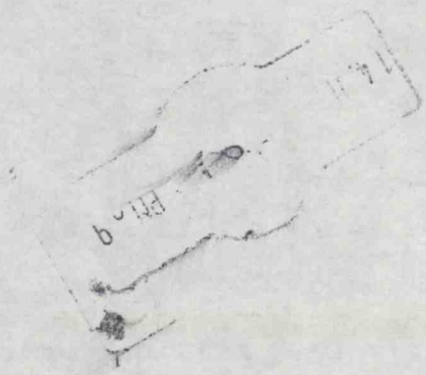
I am copying this letter to the Prime Minister, members of E(LF), David Young and Sir Robin Butler.

Yours sincerely,

P. Warless

pp JOHN MAJOR

[Approved by the Chief Secretary and signed in his absence.]



file OTS

bc = BG

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

14 February 1989

This is to confirm that there will be a meeting to discuss Council Housing Rents at 1000 on Wednesday 22 February.

I am copying this letter to Peter Wanless (Chief Secretary's Office), Stuart Lord (Department of Social Security), Mark Powell (Welsh Office), Len Wright (Scottish Office) and Richard Wilson (Cabinet Office).

MRS. AMANDA PONSONBY

Ms. Michelle Cameron
Department of the Environment

dti

the department for Enterprise

PRIME MINISTER

I have seen John Major's minute, reporting the outcome of the discussions the Treasury had with Government Departments on improving the management of the land and housing under their control.

2. I support John's proposal to repeat the exercise during the next PES round; quite apart from the economic desirability of ensuring that surplus Government land is made available for development, it will also show that the Government is practising what it preaches, when exhorting other public bodies to dispose of their surplus land. Indeed from the information coming to me, it seems that the performance of these bodies is also patchy. It is therefore important that the pressure is maintained on them as well.

3. I am copying this minute to Cabinet colleagues and Sir Robin Butler.

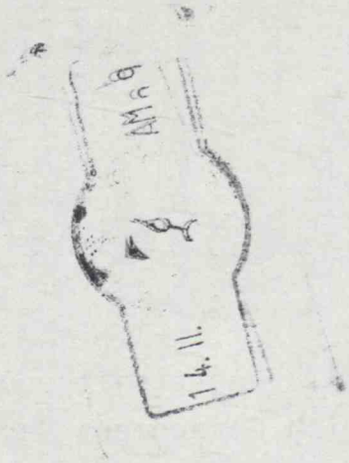
D Y

14 February 1989

Department of Trade and Industry

PS1CFA

HOUSING: - Policy Pt 14



[Mr. Ridley]

grant. We will be consulting the local authority associations, but the main elements of the new system will be an assessment of what each authority needs to spend on management, repairs and debt service; and an assumption, as at present, about the amount of each authority's rent income.

The subsidy, from the taxpayers, will be paid to meet the difference between the assessed need to spend and the notional rental income. Efficient authorities will be able to balance the ring-fenced account and provide a good standard of service at a reasonable rent. But inefficiency, rent arrears and waste will not be subsidised by the national taxpayer or the community charge payer. In answer to the hon. Member for the City of Durham (Mr. Steinberg), where the rent income exceeds the costs, the subsidy will be reduced by a corresponding amount. Therefore, there will be no gainers and no losers. Where there is a loss on the housing revenue account, the taxpayers will make up the difference, where there is a surplus the taxpayers will take the credit. It is perfectly fair and balanced.

Like its predecessors, the new subsidy must contain a mechanism for affecting rents. Therefore, I propose to say a few words about rents, if only to stop the Opposition claiming that we are about to double or treble council house rents. If people believed that, the result would be a doubling or trebling of right-to-buy sales. I am sure that the hon. Gentleman would want to avoid anything as democratic as that. However, it is not true.

Mr. Tony Marlow (Northampton, North): My right hon. Friend is well aware of the fact that some councils have a very bad reputation for collecting rents. If they do not collect those rents, they have to get the money from somewhere. My right hon. friend says that it will not come from the general taxpayer. I presume that it will not come from the general community charge payer, so is it going to come from the other rent payers within that local authority area?

Mr. Ridley: Yes.

Mr. John Fraser (Norwood): People complain that some local authorities have very large rent arrears. Does the Secretary of State appreciate that some local authorities have huge rent arrears which are probably irrecoverable? One of the difficulties of rate-capping and penalties is that if local authorities write off irrecoverable rent arrears, as any commercial business would do, that counts as expenditure. If the Secretary of state presses ahead with his reforms, would it not be right to have an amnesty for irrecoverable rent arrears and to start with a clean slate?

Mr. Ridley: The hon. Gentleman's point hardly arises from the Bill, but some Labour authorities in very difficult parts of London have remarkably good records in avoiding rent arrears, while others have equally bad records. It is a question of management and councils could make great improvements up to the level of the best. The way in which the power in the Bill is designed gives them an incentive to do so. As for the allowances made for irretrievable rent arrears in the process of rate limitation, the hon. Gentleman should await the final details of our decision on that.

Mr. Nicholas Bennett: Does my right hon. Friend agree that the councillors' code of conduct should include recommendations about councillors who owe very large sums in rent and rates arrears? The vice-chairman of the Lambeth borough housing committee—the hon. Member for Norwood's own borough—owes more than £2,000 in rent and rate arrears, having collected £28,000 in council allowance.

Mr. Ridley: Such things are most regrettable, but I have to remind my hon. Friend that hon. Members have owed similar amounts of money to the Refreshment Department.

The present pattern of council house rents has no logical justification. In the first place, much council stock was built many years ago, when costs were low. Under present practice, councils carry their properties on their books only at the cost of servicing their historic debts. Those whose rents cover only historic debt charges plus maintenance, are keeping rents unrealistically low. Rents also differ between councils according to their political prejudices, with differing subsidies paid from the rates. Rents ought to have some regard to the size and quality of a house or flat, to the local environment and so on. Some authorities already allow for that in setting rents between dwellings, but others pay far too little attention to it.

Mr. Tony Banks (Newham, North-West): Will the Secretary of State give way?

Mr. Ridley: I shall give way to the hon. Gentleman when I have finished this point.

The results of those muddled arrangements are no longer acceptable. People cannot make sensible judgments about where to live, or in what tenure sector. Where the resultant rents are low, they have been yielding insufficient resources to provide for repairs, replacement and improvement.

The Bill will take the anomalies out of the present arrangements. For example, since we published our proposals last summer, we have consistently said that in setting council rents more account should be taken of what a property is worth.

Mr. Banks *rose*——

Mr. Ridley: We are not talking about sudden massive rent increases; we are talking about rents which progressively reflect more closely the relative worth of different council houses, without hidden subsidies from the rates or from a system of accounting which bears no relationship to the real world. My proposals would mean that, over time, there would be a gradual elimination of the wide variation in rents between neighbouring authorities, which has more to do with history or political opportunism than with the efficient provision of a housing service. Rents will begin to move towards a reflection of the varying costs of housing—in terms of size and quality, and of amenity.

Those authorities which have already followed sensible rent policies will not be greatly affected by these arrangements. The result will be wider choice, fairer competition and a better, more accountable service to council tenants.

Mr. Tony Banks *rose*——

Mr. Ridley: I said that I would give way to the hon. Gentleman.

CC PUS

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Richmond House, 79 Whitehall, London SW1A 2NS
Telephone 01-210 3000

From the Secretary of State for Social ~~Services~~ Security

The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW1P 3EB

13 February 1989

Dear Nicholas,

You will have seen my comments on your minute on "Housing Action Trusts: Selection of Areas" and I wrote to you last week about the reference to housing benefit expenditure in your paper on council housing rents.

In both cases, your text indicated the net effect of your proposals on public funds, without perhaps bringing out sufficiently clearly that this would be the consequence of increases in expenditure on housing benefit with compensating offsets elsewhere in the Government balance sheet. You will need no reminding of the political sensitivity in recent years of such increases even when they are offset in this way. I think it only right, therefore, that when proposals of this sort are put to colleagues we should bring out for them more explicitly what the consequences are for benefit spending. It is clearly better for the point to be made in the original paper than in a postscript from me.

I also believe that, given the complexities of this whole area, it would be sensible for my officials to be consulted on what the benefit consequences of housing proposals might be before a paper was circulated to colleagues.

I hope you can agree to these suggestions.

I am copying this to the Prime Minister, John Major and Sir Robin Butler.

Yours ever,

JOHN MOORE

Paul

1. Amanda - may thanks.

2. CF - p.c.

All fixed for 10.00 am on Wednesday 22 February.

I have confirmed in writing to relevant diary secretaries.

Amanda

14/2

~~Papers to PG~~

1. ~~Dominic~~ AP @ yr dept.
Dr

2. Amanda

Could we please have a 1-hour meeting in 7-10 days time on this subject with Ridley 1000, Major 1000, Moore 1000, Walker 1000 Mark, Michelle, Sheldon, Jill, Richard + Cabinet Office + Policy Unit.

Richard Wilson Brian Griffiths

Margaret 1000

PRC 6

13/2

SECRETARY OF STATE FOR THE ENVIRONMENT

80

ECM

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

The Rt Hon John Wakeham MP
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1

13 February 1989

NBPM at this stage.

RRC6
14/2

Dear John

Andrew Welsh, who came 13th in the ballot for Private Members' Bills, has introduced a bill entitled "Housing Associations (Access to Information) Bill". It is down for Second Reading on 17 February. I am writing to propose the line we should take.

I have not yet seen the text of the Bill, but it seems clear that what is intended is a modified application of the Local Government (Access to Information) Act 1985 to the world of housing associations. The main effect would be that tenants of housing associations in Britain would have the right to attend any meeting of their association's board of management, and of the committees and sub-committees' to be given copies of the relevant meeting papers; and to obtain access to relevant background documents.

The intentions behind this bill are not unwelcome: it would actually be quite timely, given our policy of putting much of the responsibility for the provision of social rented housing in the future in the hands of the housing association movement, for associations to be formally required to observe similar principles of openness as those required of local government. But I do not feel that this Bill is the best way of getting the desired result. Housing associations vary greatly in size and shape and it would be very difficult, using primary legislation of the sort envisaged in this Bill, to take account satisfactorily of all the very wide differences. There could be real difficulties for the many small associations, which could find the extra demands costly and burdensome. And because housing associations are voluntary organisations, with committees formed from volunteers, there is a real risk that, in some cases, existing and potential members will be deterred from serving. A more effective and flexible way of achieving the effect which the Bill is seeking would be to use existing forms of statutory control and administrative supervision of housing association management - such as the "Tenants' guarantee", which could be extended to include principles of access to meetings and to related papers and reports, while taking proper account of the wide differences in associations' circumstances.

The Bill has attracted a fair amount of cross-party support and I do not think it would be attractive for the Government to be seen to stand in the way at this stage. If pressed publicly for a view now, I think we would do best to express sympathy with the general intent of the Bill. But I do not consider we should at this stage offer any stronger expression of support or any prospect of any administrative or drafting help. If the Bill were to get a Second Reading, I would be in favour, at Committee Stage, of our giving ~~some more~~ the same positive expression of sympathy with the aims of the Bill, while bringing attention to its practical drawbacks and pointing to the alternative approaches which would not require legislation. Then, if the Bill were to emerge from Committee still looking unsatisfactory in its detail, I would prefer it to be allowed to proceed no further.

I am copying this letter to the Prime Minister, to members of H and L Committees and to Sir Robin Butler.

Yours ever,
Nicholas

NICHOLAS RIDLEY

CONFIDENTIAL

bc PM

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

13 February 1989

Dear Roger,

COUNCIL HOUSING RENTS

The Prime Minister was grateful for your Secretary of State's minute of 8 February and the attached paper. She has also seen the subsequent comments from the Secretaries of State for Wales and Social Security.

The Prime Minister will want to discuss these proposals with colleagues most affected before Committee stage on the Local Government and Housing Bill. We will be putting in hand arrangements for a meeting.

Meantime, the Prime Minister thinks that any comments your Secretary of State makes at Second Reading should be very general and should not, for example, make specific reference to capital-value rents. She would be grateful if your Secretary of State could circulate later today a draft of his proposed Second Reading comments.

I am copying this letter to the Private Secretaries to Members of E(LF) and to Trevor Woolley (Cabinet Office).

Yours,
Paul

(PAUL GRAY)

Roger Bright, Esq.,
Department of the Environment.

CONFIDENTIAL

010

CONFIDENTIAL

CC PM

Note

Told DOE PM was content.
PRCG 14/2

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

Paul Gray Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Prime Minister
Content with this proposed line for Second Reading?
PRCG 13/2

13 February 1989

Yes

MT

Dear Paul,

COUNCIL HOUSING RENTS

WITH PG?

Thank you for your letter earlier today conveying the Prime Minister's comments on the approach to be taken to council housing rents in tomorrow's Second Reading Debate.

As requested, I am now circulating a draft of the passage my Secretary of State proposes to use. This is couched in the general terms wanted. It repeats the line that has been adopted since the consultation paper last summer that the present arrangements are anomalous, that more regard should be had to what properties are worth, but that we are not talking about massive rent increase.

My Secretary of State has seen the comments from the Chief Secretary and the Secretaries of State for Social Security and Wales, and looks forward to discussing his proposals with colleagues. He hopes that it might be possible to meet in the next week or two: a great deal of detailed planning work will need to be put in hand for the new system to come into effect for the 1990/91 PES round.

I am copying this letter to the offices of members of E(LF) and to Trevor Woolley (Cabinet Office).

Yours,

Deborah.

DEBORAH LAMB
Private Secretary

CONFIDENTIAL

CONTRIBUTION TO SECOND READING DEBATE

Part VI - NFR: Rent Policy

The Bill contains a provision for a continuing subsidy of council housing and the new subsidy, like its predecessors, must contain a mechanism for affecting rents. I believe we can do a great deal better, however, than in the past. I propose therefore to say a few words about rents, if only to stop the Opposition claiming that we are about to double or treble Council House rents. If people believed that, it would result in a doubling or trebling of Right to Buy sales! But it is not true.

The present pattern of council house rents has no logicial justification. In the first place, much council stock was built many years ago, when costs were low. Under present practice councils carry their properties in their books only at the cost of servicing their historic debts. Those whose rents only cover these historic debt charges, plus maintenance, are keeping rents unrealistically low. Rents also differ between councils according to their political prejudices with differing subsidies paid from the rates. Thirdly rents ought to have some regard to the size and quality of a house or flat, to the local environment and so on. Some authorities already allow for this in setting rents between dwellings, but others pay far too little attention to it.

The results of these muddled arrangements are no longer acceptable. People cannot make sensible judgements about where to live, or in what tenure sector. And where the resultant rents are low, they have been yielding insufficient resources to provide for repairs, replacement and improvement.

With this Bill we shall be taking the anomalies out of the present arrangements. For example, we have consistently said - since we published our proposals last summer - that in setting council rents more account should be taken of what a property is worth.

But we are not talking about sudden massive rent increases. We are talking about rents which progressively reflect more closely the relative worth of different council houses, without hidden subsidies from the rates or from a system of accounting which bears no relationship to the real world. My proposals would mean that, over time, there would be a gradual elimination of the wide variation in rents between neighbouring authorities, which has more to do with history, or in some cases political opportunism, than with the efficient provision of a housing service. And rents will begin to move towards a reflection of the varying costs of housing - in terms of size and quality, and of amenity. Those authorities who have already followed sensible rent policies will not be greatly affected by these arrangements. The result will be wider choice, fairer competition and a better, more accountable service to council tenants.

CONFIDENTIAL

P 03365

From: R T J Wilson
13 February 1989

MR GRAY

HOUSING ACTION TRUSTS: SELECTION OF AREAS

You asked for advice on Mr Ridley's minute of 9 February to the Prime Minister.

BACKGROUND

2. Last summer Mr Ridley announced proposals to set up Housing Action Trusts (HATs) in six areas: Lambeth, Southwark, Tower Hamlets, Leeds, Sandwell and Sunderland. He appointed consultants to examine the areas in detail, selected against criteria agreed by E(LF) in 1987 and incorporated in the 1988 Housing Act.

MR RIDLEY'S PROPOSALS

3. Mr Ridley now proposes to publish the consultants' report, and to announce his conclusions. He intends:

i. to proceed with four of the proposed HATs, in Lambeth, Southwark, Sunderland and Leeds (Gipton estate only);

ii. to commission a further study of a HAT in Sandwell, covering a revised group of estates, and to seek alternative means of tackling the estates in Tower Hamlets where the consultants concluded that there was insufficient land for the necessary programme of new building;

iii. to invite other local authorities who think they can make a good case for a HAT to come forward. Bradford is the most likely immediate applicant.

CONFIDENTIAL

4. The consultants' reports show that there is a good deal of resistance locally to the proposed HATs, particularly in London. Mr Ridley now proposes to employ consultants to carry out intensive consultation exercises in the selected areas in the hope of winning tenants over. He also proposes to publish leaflets which would be distributed widely in these areas. These arrangements have been agreed by the Chief Secretary.

MAIN ISSUES

Selection of areas

5. You agreed at E(UP) on 31 January that it was important to score one or more notable successes with the first HATs. So far as the existing candidates are concerned, Mr Ridley's minute indicates that the prospects do not look particularly encouraging at present: he says that the local opposition that has been generated could well mean that tenants may not vote in favour of HATs. Mr Ridley's proposals for an intensive process of consultation with tenants probably offers the best chance of eventual success in at least some of the areas.

6. But it also seems right to try to identify some new areas where the local authorities and tenants are more receptive to the HAT concept: Bradford is one possibility, although the reaction of tenants there is not yet clear. Ministers earlier agreed to an initial programme of up to 7 HATs, so there is room for new candidates. The Prime Minister will probably want to endorse Mr Ridley's proposal to invite additional bids from willing local authorities.

Financial implications

7. Mr Ridley's paper suggests that a programme of about £370m of new capital spending would be required over 10 years in the 5 HATs which he proposes to pursue. The figures for the PES period are well within the relevant provision. However there would in addition be the costs of acquiring the estates (at tenanted market value); and there would be an offsetting stream of receipts from sales, growing

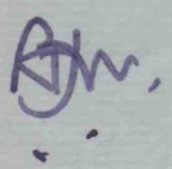
in the later years as refurbishment proceeded. I gather that, despite the lack of a full financial analysis, the Chief Secretary is content with Mr Ridley's proposals. He will however want to look at the detailed case for each HAT before it is designated.

Timing

8. Mr Ridley wants to make the earliest possible announcement, consistent with his wish to launch the consultation exercise in the chosen areas, at the same time. I gather that the most likely timing is end-February or early March.

CONCLUSION

9 The Prime Minister will probably want to endorse Mr Ridley's proposals.



R T J WILSON

HOUSING: POLICY PTY.



CONFIDENTIAL

dti

the department for Enterprise

The Rt. Hon. Tony Newton OBE, MP
Chancellor of the Duchy of Lancaster and
Minister of Trade and Industry

Rt Hon Nicholas Ridley MP
Secretary of State
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

Department of Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5147
Our ref
Your ref
Date 13 February 1989

Dear Nick,

HOUSING ACTION TRUSTS: SELECTION OF AREAS

Thank you for sending me a copy of your minute of 9 February to the Prime Minister. I am writing to reaffirm my support for the HAT initiative, which I see as a major part of the Government's inner city programme. HATs could do a very great deal to improve conditions on some of the worst housing estates, and I feel that it is vital to secure some early successes.

The consultants' report clearly demonstrates a need for action in almost all the proposed HAT areas. I agree with your proposals to publish the report as soon as possible, commence an intensive process of consultation with tenants, and invite other local authorities to bid for HAT designation. These seem sensible steps towards the early successes which we are looking for.

I note you have heard informally from Bradford City Council that they would like a HAT to help them tackle their problem housing. I wonder if we could give them an early positive response and perhaps invite the consultants to follow-up Bradford's approach

FE1ACN

dti

the department for Enterprise

in the way they have already done for the six possible locations previously identified. At present your minute implies that Bradford would simply fall in to the category of local authorities that would be invited to come forward. Since they have already come forward, albeit informally, this would suggest the prospects for an early success might be greater there than in those places which have yet to consider an approach. I would expect the Council to welcome a more substantive response and this might also encourage other Councils who may wish to make a case to come forward sooner rather than later. I should be grateful if you could look again at this.

In the light of the consultants' findings, I agree with your proposals to amend the proposed HAT areas in Sandwell and Leeds, and to tackle the problems of Tower Hamlets outside the HAT initiative. I should be interested to know of your plans for Tower Hamlets in due course.

I am copying this letter to members of E(LF), David Young and Sir Robin Butler.

Yours ever.
Tony.

TONY NEWTON

FE1ACN

DCC/PU

D

PRIME MINISTER

HOUSING ACTION TRUSTS: SELECTION OF AREAS

I have seen the proposals in Nick Ridley's minute to you of 9 February. These may well lead to increases in rents, with corresponding increases in Housing Benefit expenditure, even if there is no overall loss to the Exchequer. Such increases are a consequence of our general policy on HATs, however, rather than the particular areas selected. I am therefore content to go along with Nick's proposals.

I am copying this to members of E(LF), David Young and Sir Robin Butler.

13 February 1989

JM

CONFIDENTIAL

G COPY

G

Prime Minister

HOUSING ACTION TRUSTS: SELECTION OF AREAS

I have seen Nicholas Ridley's minute to you on this subject and write in support of his proposals. The choice of Sunderland, where we hope to have one of the next batch of Safer City projects, is particularly welcome and I can see a good case for HATs in the other areas chosen, particularly Lambeth and Southwark, both high crime areas with councils incapable of handling the problems of their estates. HATs will have scope to design in sensible crime prevention features in the housing they upgrade. Ideally their membership might include people with a knowledge of or interest in crime prevention.

I accept that a HAT may not be the answer to the problems in Tower Hamlets, where a different approach is needed. Sensitive handling will be needed, particularly of any proposals to relieve overcrowding by building in other areas. I should like my officials to be involved in any further consideration of the approach in this area, another where we are hoping to set up a Safer Cities project.

Copies of this minute go to members of E(LF), David Young and Sir Robin Butler.

Douglas Hurd.

13 February 1989

CONFIDENTIAL

HOUSING : Policy PT.14.



CONFIDENTIAL

COPY

H

H

Prime Minister

HOUSING ACTION TRUSTS: SELECTION OF AREAS

Nick Ridley's minute of 9 February sought your urgent agreement to the next steps proposed for Housing Action Trusts (HATS).

We do not have HATS in Scotland but we well recognise the problems which his consultants describe and which are all too familiar in our own Urban Partnership areas. There is an urgent need for action and I agree with what is proposed.

Copies of this minute go to members of E(LF), David Young and Sir Robin Butler.

MR

M R

Scottish Office
13 February 1989

cst.ps/2jm13.2/lets

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW1P 3EB

13 February 1989

Dear Secretary of State,

NEW FINANCIAL REGIME FOR LOCAL AUTHORITY HOUSING- COUNCIL RENTS

Thank you for sending me a copy of your minute to the Prime Minister and draft E(LF) paper setting out proposals for council rents under the new financial regime for local authority housing.

I agree with the principle of introducing a gradual and controllable move towards capital rents and the annual assessment of guidelines as laid out in your paper. The guideline will be the subject of discussion with me and others concerned in the Survey.

I am content that you announce your proposed approach in general terms in Tuesday's Second Reading Debate on the Local Government and Housing Bill. I note you do not propose to say that there is no intention ever to close the gap with assessed market rents. I agree, and believe that in any consultation document the presentation of this point will need further consideration.

I have some reservations over the method used to calculate the regional rates of return on capital values which determine the market rent regional analogues, which are not fully described. Our officials will need to discuss this further before the consultation with local authority associations and professional bodies, which you propose in the E(LF) paper, can take place.

HOUSING. Policy Pty

CONFIDENTIAL

As far as housing benefit is concerned, I am sure that you will have in mind the need to avoid any open-ended commitment in the coming debates on the continuing availability of housing benefit on the current basis. It is far from clear that the existing housing benefit regime is well suited to the new rents policies, as they affect both public and private sectors, and we must keep open the possibility of making changes.

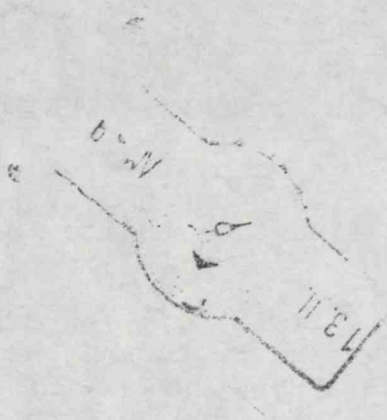
I am copying this letter to members of E(LF).

Yours sincerely,

P. Walker

pp **JOHN MAJOR**

[Approved by the Chief Secretary and signed in his absence.]



JH/O/08

CONFIDENTIAL

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 . . 5803
Telex 915564 Fax 01-273 5821

Secretary of State

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
2 Marsham Street
LONDON
SW1P 3EB

9 February

Dear Nick

HOUSING ACTION TRUSTS: SELECTION OF AREAS

You copied to me your minute of 9 February to the Prime Minister.

I am content for you to publish the consultants' reports and to announce your conclusions on them in the near future. I also agree that it would be sensible, in the light of the hostility towards HATs which has emerged in some of the areas under consideration, to invite other local authorities to come forward with new proposals.

I am copying this to the Prime Minister, other members of E(LF), David Young and Sir Robin Butler.

Yours ever

NORMAN FOWLER

HOUSING: POLICY PT.4



CONFIDENTIAL

P 03363

From: R T J Wilson
10 February 1989

MR GRAY

COUNCIL HOUSING RENTS

You asked for advice on Mr Ridley's minute of 8 February to the Prime Minister.

BACKGROUND

2. Last summer the Prime Minister chaired a small group of Ministers to devise a new financial regime for local authority housing. The agreed scheme was described in Mr Ridley's minute to the Prime Minister of 9 June, copied to E(LF). Mr Ridley subsequently circulated a draft consultation paper on 14 July, which was issued before the Recess.

3. The main features of the agreed scheme were:

i. housing accounts would be ring-fenced. Authorities would not be allowed to subsidise them from their community charge revenues;

ii. the costs of housing benefit would be a charge on the new accounts instead of being met largely from direct Exchequer subsidy as at present;

iii. a new housing subsidy system would meet the expected deficit on each authority's account, based on normative assumptions about levels of rents, management and maintenance spending and other income and expenditure items;

iv. where an authority was estimated to have a financial surplus on its account, it would be required to transfer that amount to its general fund, where it would benefit community charge payers.

CONFIDENTIAL

CONFIDENTIAL

4. This regime leaves decisions on actual rents to local authorities. But the new subsidy system will put them under substantial financial pressure to meet the normative assumptions incorporated in the subsidy system.

MR RIDLEY'S PROPOSALS

5. Mr Ridley is now seeking agreement to the basis on which these normative rent levels would be fixed. He proposes:

i. to determine a capital-value rent for each authority. This would be sufficient to pay for management and maintenance and to earn a certain rate of return on the capital value of the authority's stock. The required rates of return would be set regionally: the paper suggests rates ranging from 3.5% in London, the South East and East Anglia up to 6% in the North;

ii. to impose a cap on the highest of these capital-value rents, equal to perhaps 1.5 times the national average (£53 per week on his figures) to remove unrealistically large figures. The resulting rents would be termed "reference rents";

iii. to calculate subsidy on the assumption that each authority gradually closes the gap between its present actual average rent and its reference rent. The tables attached to his paper illustrate what would happen if each authority was expected to increase its rents by 5% in year one, and in addition to close the gap by 2.5%.

MAIN ISSUES

6. The main advantages of this approach would be as follows:

i. it would link council rents to the true economic cost of provision, and therefore give tenants the right market signals, eg about where they chose to live;

CONFIDENTIAL

CONFIDENTIAL

ii. it would tend to encourage tenants to take up Right-To-Buy or move out of the council rented sector;

iii. it nevertheless provides for a gradual transition to market-related rents, avoiding the hardship which might result from very large immediate increases.

7. The main disadvantages would be:

i. capital-value rents would be much higher than present levels: an average of over £35 per week compared to under £19 per week now. Using them as the basis for the new system would be very contentious;

ii. the move to capital-value rents would be a very long process, eg 40 years at 2.5% per annum. It seems unrealistic to base a rent system on such long-term planning, and unnecessary to take the risk of publishing capital-value rents if they are never to be reached;

iii. pushing up council rents would bring even more tenants onto housing benefit (two-thirds of council tenants already receive benefit). There should be no implications for the Exchequer because the costs would be met within authorities' housing accounts. But there would be an increase in dependency.

WAY AHEAD

8. Ministers and officials in other Departments have only just seen these proposals. It seems likely that they will want to consider them in detail before they give a definite response. I gather that Mr Walker will be advised to take a cautious approach. The Chief Secretary is likely to be advised to accept the proposals in principle, but to say that much more consideration of the detail between officials is necessary.

CONFIDENTIAL

9. The immediate issue appears to be what Mr Ridley can say at the Second Reading of the Housing and Local Government Bill on Tuesday 14 February. The Prime Minister will probably not want him to air his detailed proposals until colleagues have had a chance to consider them properly. There appear to be two alternatives:

i. that he should confine himself to a statement along the lines of the points a. to g. on the second page of his minute of 8 February. Mr Walker would probably prefer this approach;

ii. that he should go somewhat further, referring specifically to capital-value rents. Mr Ridley is likely to want to go at least this far.

How is the capital value to be calculated?

CONCLUSION

I would

10. The Prime Minister will wish to consider whether it would be premature to mention capital-value rents at this stage. If she does, this would argue for the first approach (9(i)above). She may also want to ask Mr Ridley to circulate a draft of what he proposes to say for clearance by colleagues.

11. As far as the substantive issue of the rent regime is concerned, the Prime Minister will wish to decide whether to ask Mr Ridley to bring this to an early meeting of E(LF), or to ask him first to seek agreement with the colleagues with a direct interest (Mr Walker, Mr Major and perhaps Mr Moore and Mr Rifkind).

RJW.

R T J WILSON

CONFIDENTIAL

PRIME MINISTER

COUNCIL HOUSING RENTS

I have seen Nicholas Ridley's proposals for the way we might tackle notional rents for subsidy purposes in the new financial regime for local authority housing.

It is the first we have seen of these particular ideas in any detail. While I fully take Nicholas' point that we must seek to dispel the scaremongering there has been about rent rises and that we need to find a workable approach to affordability, I think we would be wise not to become too publicly committed to the details of our approach until there has been time for us all to study these ideas in more depth and to assess their likely impact and how they might be perceived by tenants and the public at large.

I wonder therefore whether for second reading debate we need say very much more than is covered in points (a) to (g) of Nicholas' minute of 8 February. That would set a general approach and help to counter fears about massive rent increases without being too explicit about possible links with capital values and rates of return.

I note that if we do decide to adopt these proposals or something like them in England and Wales, we would have the flexibility in Wales to make our own determinations as to rates of return, the rate at which we seek to close the gap between actual and reference rents and where we might set rent caps, and I would certainly wish to retain that flexibility.

I am copying this to members of E(LF).

10 February 1989

PW

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Richmond House, 79 Whitehall, London SW1A 2NS
Telephone 01-210 3000

From the Secretary of State for Social ~~Services~~ Security

CONFIDENTIAL

The Rt Hon Nicholas Ridley MP

26 10 87

Dear Nicholas,

COUNCIL HOUSING RENTS

Thank you for sending me a copy of your minute of 8 February to the Prime Minister.

The proposals in your paper for implementing the new policy look sensible and I am content with the approach you want to adopt in the Second Reading debate on 14 February.

However, I am somewhat uncertain about the implications for Housing Benefit expenditure. The accelerated increases in rents would seem likely to lead to significant increases in rent rebate expenditure over and above that previously estimated, but I note that the draft paper refers to an expected reduction in the Housing Benefit bill. Also it is not clear why the conclusion has been reached that Housing Benefit costs arising from increases in guideline rents will be consumed by savings on the new subsidy. Presumably if an individual authority's Housing Revenue Account is substantially in deficit then any savings in rent rebate subsidy might not be realised? I am afraid there has been insufficient time for us to consider these matters in detail. I therefore hope that you will agree to your officials' meeting with mine as soon as possible to explain more fully the basis of your assessment.

I am copying this to Prime Minister and other members of E(LF).

Yours ever,
John

JOHN MOORE

FILE SPW

cc PM.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 February 1989

Dear Carys,

SURPLUS LAND AND BUILDINGS

The Prime Minister was grateful for the Chief Secretary's minute of 6 Feburary. She has noted the outcome of the 1988 Survey discussions, and has commented that she hopes all Departments will make maximum efforts to improve their position in the 1989 Survey. She looks forward to a further report in a year's time.

I am copying this letter to the Private Secretaries to members of the Cabinet and to Sir Robin Butler.

Yours,
Paul

(PAUL GRAY)

Miss Carys Evans,
Chief Secretary's Office.

KK

SW2AQY

CONFIDENTIAL

PRIME MINISTER

COUNCIL HOUSE RENTS

Last summer agreement was reached on the broad framework on the new financial regime for local authority housing. This involved decisions on precise rent levels being left to local authorities. But the new subsidy system provides for pressure to be imposed on the authorities via the normative rent assumptions fixed in the subsidy system. Interdepartmental discussions have yet to be held on the basis on which these normative rent levels will be fixed.

Nicholas Ridley's minute of 8 February (Flag A) argues that he must take the opportunity of the Second Reading debate on the Local Government and Housing Bill next Tuesday to give some indication of the approach he plans to take on rents. The paper attached to his minute sets out the proposed approach in reasonable detail, and the covering letter summarises his proposed line to take in the debate.

I asked the Cabinet Office to prepare a note on these proposals which is attached at Flag B. You may wish to read that brief first. It brings out that there are two issues to address:

- the immediate point is how far Mr. Ridley should go in the debate;

- on the substance of the issue you need to consider whether to convene a meeting of E(LF) or first discuss the issue with a smaller group of colleagues.

DoE have given other departments very little time to address their proposals in advance of the debate. There are some important issues here, and it seems right as the Cabinet Office suggest for Mr. Ridley's comments next Tuesday to be both limited and general. That line is supported by Peter Walker (Flag C) and John Moore (Flag D).

CONFIDENTIAL

Decisions

Do you agree that:

- next Tuesday's statement should go no further than the general points set out at a-g at the end of Mr. Ridley's minute (Flag A)? Yes mt - Together with the point that we start where we are.

- a draft of his comments should be cleared with colleagues before the debate? Yes mt

On the substantive issue, would you prefer:

(i) a meeting of E(LF)?

Or

(ii) an initial meeting with Messrs. Ridley, Major, Walker, Rifkind and Moore?

When we come to Committee stage a more detail is required then we can have this meeting.

RRCG.

2nd Reading must be very general.

(PAUL GRAY)
10 February 1989

Remember - whatever we say will be twisted and distorted.

The consequences on Housing Benefit must also be considered.

CONFIDENTIAL

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

Paul Gray Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

9 February 1989

Dear Paul,

HOUSING ACTION TRUSTS: SELECTION OF AREAS

Further to my Secretary of State's minute to the Prime Minister earlier today, I enclose a revised table and would be grateful if you and copy addressees could substitute this for the table at the end of Annex A.

I am copying this to private secretaries to members of E(LF), the Secretary of State for Trade and Industry and to Sir Robin Butler.

Yours,
Deborah.

DEBORAH LAMB
Private Secretary

COVERING CONFIDENTIAL

Please could all recipients of the minute below distribute copies on a strictly need-to-know basis.

Deborah Lamb

DEBORAH LAMB
Private Secretary

100%
RECYCLED PAPER

CONFIDENTIAL

PRIME MINISTER

HOUSING ACTION TRUSTS: SELECTION OF AREAS

Last summer we announced proposals to set up Housing Action Trusts in six areas in Lambeth, Southwark, Tower Hamlets, Leeds, Sandwell and Sunderland. I subsequently appointed consultants to examine the areas in more detail against the criteria for HATs designation set out in the Housing Act 1988. The consultants have recently presented their findings and this minute seeks colleagues' agreement to next steps.

The consultants' exercise has not been easy. They have had to work without the co-operation of the local authorities, except Sunderland, and in the face of local resistance, some of it whipped up by local authorities and local activists. This has meant that we have not been able to get the message about the potential benefits of HATs across to individual tenants, many of whom are genuinely fearful of what they see as the consequences of transfer to HATs. These concerns led us to accept the principle of the Lords amendment to the Housing Bill requiring tenant ballots and the Housing Act now requires me to hold such ballots and to proceed with HAT designation orders only if a simple majority vote in favour.

We have to consider next steps on HATs against this background. The local opposition that has been generated could well mean that tenants may not vote in favour of HATs. We therefore need to maximise the chances of winning ballots and carry out intensive consultations with tenants first. John Major has recently agreed my proposals for undertaking this exercise, and we will be clearing drafts of leaflets with him. But if we want to secure some early successes, we need to be ready to proceed with HATs in other, new areas where the prospects of securing local authority co-operation and tenant support may be greater. We have recently heard informally from Bradford City Council that they would like a HAT to help them tackle their problem housing. They are confident that their tenants

would vote in favour. We should need to look very closely at any formal proposals they put to us. But I would like to encourage such new opportunities to emerge.

I propose to use the publication of the present consultants' reports to launch a strategy along these lines. Detailed information about the reports is given in Annex A. In brief they demonstrate a clear need for action on all the estates proposed in London. In Southwark they conclude that the problems have overwhelmed the capacity of the Council to cope with them and recommend that a Trust should be established. In Lambeth too, they conclude that the conditions on the estates satisfy the criteria which the HAT concept is designed to tackle. In Tower Hamlets the problems are of a different magnitude. Although the estates are suitable for HATs, the consultants conclude that the primary problem on the estates is severe overcrowding. They consider that this problem can only be solved through a programme of new build beyond the proposed area of the HAT and probably, given the shortage of land in Tower Hamlets, beyond the borough itself. This warrants a different approach.

Outside London, the problems are on a smaller scale, but still sufficient to require special action. The consultants conclude that the 3 Leeds estates we proposed meet the criteria for HAT designation: but the most compelling case is for the Gipton estate where the concentration of physical and social problems is particularly acute. In Sandwell, the consultants conclude that, following the recent sale of empty council properties, the Whiteheath estate could be improved under existing council control but that a clear case exists for a HAT based on an enlarged Windmill Lane area. Finally the consultants believe that the Sunderland estates meet many of the HAT criteria and a case for designation is justified.

The consultants have proposed programmes of work and management reform which could be carried out to revive the estates. Their estimates of gross capital costs for the 6 areas is some £630 million spread over 10 years.

CONFIDENTIAL

I propose to accept the main thrust of the consultants' findings. I therefore believe we should proceed with the proposals for Trusts in Lambeth, Southwark, Sunderland and Leeds (Gipton estate only); to drop Whiteheath in Sandwell but commission a further study to see if Cape Hill should be covered in addition to Windmill Lane. I have concluded that HAT is not the appropriate mechanism for tackling the estates in Tower Hamlets and will be considering separately how to proceed there.

The table at Annex B shows that the overall gross capital costs of a HAT programme along these lines would amount to some £370 million spread over 10 years. Receipts from transfers to non-local authority landlords and Right to Buy sales in later years will reduce gross costs. Estimated expenditure falls within the Public Expenditure provision set for the Survey years (although the figures are not fully compatible since survey provision includes some allowance for borrowing costs related to he acquisition of estates by HATs). There will be no Housing Benefit loss to the Exchequer arising from the transfer of estates to HATs so long as the authorities continue to receive some housing revenue account subsidy, which we judge will remain the case in the HAT authorities for the foreseeable future.

All the consults' reports are now with me and I do not wish to delay their publication. I therefore propose to publish them in full as soon as possible with an announcement about my conclusions. I propose at the same time to invite local authorities who think they can make a good case for a Trust to come forward. I will, of course, consult other Departments before announcing any fresh proposals for HAT designations.

I should be grateful for urgent agreement to these proposals.

Copies of this minute go to members of E(LF), David Young and Sir Robin Butler.

NR

9 February 1989

LAMBETH

ANNEX A

The proposed HAT area comprises two estates (Angell Town and Loughborough) containing a total of 948 flats, 63 houses and 1133 maisonettes, almost all of which are local authority owned.

The consultants' overall conclusions are that the problems of both estates cannot be solved by the Council, and that the conditions satisfy the criteria for a HAT in section 60 of the Housing Act 1980.

The consultants' findings are:

a) Physical state and design

Mix of inter-war years, 1950s, 1960s and 1970s ranging from two storey housing to high density low, medium and high rise blocks. Some of these high rise blocks require essential structural repairs whilst much of the other accommodation suffers from poor insulation, inadequate heating, water penetration and insect infestation. No proper road system; unsatisfactory access, mostly by elevated pedestrian walkways; lack of private open space; vandalised garages; widespread vandalism; arson and general neglect.

b) Housing management

Lambeth Council generally performs badly as a housing manager compared with other local authorities and its performance on these estates is considerably worse than in the borough as a whole. On the Loughborough and Angell Town estates respectively: 70% and 57% of tenants are in rent arrears (34% for council tenants in England); on each estate 7% of properties are void (2.4% for council properties in England) and on Loughborough, squatting appears to be out of control. Other indications of poor housing management include inadequate standards of repairs and general upkeep on the estates.

c) Living and social conditions

The residents on the estates come very low on the socio-economic scale. The unemployment rate is high (23%). Households have low incomes, Angell Town average £75 per week, Loughborough £92 per week in 1986, (when the average UK household income was £233 per week), and a high proportion are dependent on state benefits.

d) Local considerations

From the outset, the Council opposed the establishment of the HAT and refused to co-operate with the consultants. The two active tenants' associations on the estates refused all contact with the consultants and have campaigned vigorously and effectively against the HAT proposals creating tremendous concern amongst tenants.

e) The consultants' key proposals are:

Lowering the density of housing and replacing the maisonettes in the tower blocks by low rise accommodation more suitable for families. Re-establishing a more traditional street pattern; dismantling the pedestrian access deck; re-structuring existing dwellings to provide street level access; breaking down dwellings with non-traditional entrances into small manageable units with a minimum number using each stairway or lift access point. Upgrading and refurbishing existing dwellings; improving the general environment by tightly defining all open space, and upgrading street lighting and refuse facilities. Remedying the problem of disused and vandalised garage areas.

f) Costs & Timescale

The consultants estimate that the improvement works would take 7 years to complete at a cost of £93 million.

SOUTHWARK

The proposed HAT area comprises two estates (Gloucester Grove and North Peckham) containing a total of 1004 flats and 1683 maisonettes, almost all of which are owned by the local authority.

The consultants' overall conclusions are that the problems on both estates cannot be solved by the council, and that the conditions satisfy the HAT criteria.

The consultants' findings are:

a) Physical state and design

Mostly late 1960s and 1970s medium rise, high density and although not in an excessively poor condition, requiring substantial repair work. No proper road system; unsatisfactory pedestrian walkways and/or internal staircases and enclosed access corridors; lack of private open space, shops and services; vandalism, arson and general neglect.

b) Housing management

Southwark Council generally performs badly as a housing manager compared with other local authorities and its performance on these estates is considerably worse than in the borough as a whole. On the North Peckham and Gloucester Grove estates respectively: 60% and 40% of tenants have outstanding transfer requests; 15% and 3% of properties are void; (2.4% for council properties in England) and 83% and 80% of tenants are in rent arrears (34% for council tenants in England). The turnover figure for both estates is 13% per annum (9.8% for council properties in England.) Other indications of the poor standard of housing management include a failure to deal with squatting, and inadequate standards of repairs and general upkeep on the estates.

c) Living and social conditions

The residents of the estates come very low on the socio-economic scale. The unemployment rate is high (30%). Households have low incomes (Gloucester Grove average £55 per week, North Peckham £70 per week (in 1986 when the average UK household in come was £233 per week) and a high proportion are dependent on state benefits. A large proportion of residents are unskilled and lack formal qualifications (62% in Gloucester Grove).

d) Local considerations

The Council has said that it will respect tenants' wishes about the HAT proposals and, following this line, refused to co-operate with the consultants. The two active tenants' associations on the estates have refused all contact with the consultants and have campaigned vigorously and effectively against the HAT proposals creating tremendous concern amongst the tenants as to what might happen on the estates. However Council officers and tenants' leaders have continued to put questions to the Department.

e) The consultants' key proposals are:

Lowering the density of housing and the re-establishment of a more traditional street pattern by selective demolition; building new roads; dismantling the pedestrian deck access system and creating new entrances at street level to existing dwellings. New build to replace units demolished. All dwellings with non-traditional entrances to be made into units of a more manageable size so that only small numbers are using each entrance. Upgrading and refurbishing existing dwellings; improving the general environment by tightly defining all open space; upgrading street lighting and refuse facilities.

f) Costs & Timescale

The consultants estimate that the improvement works would take 9 years to complete at a cost of £112 million.

TOWER HAMLETS

The proposed HAT area comprises six separate estates containing 106 maisonettes and 1894 flats, almost all of which are local authority owned. The estates are: Berner, Solander Gardens and Shadwell Gardens in Wapping; Boundary and Holland in Bethnal Green; and Ocean in Stepney. The contain a very high immigrant population, (primarily Bangladeshi).

The consultants' overall conclusions are that the problems of these estates cannot be solved by the council, and that their conditions satisfy the HAT criteria. However, the consultants consider that the severity of overcrowding on these estates (30%) is such that without solving this problem the HAT would have great difficulty in succeeding. They advise that extra vacant building land is essential to accommodate new housing for roughly one third of the present population (ie 1,000 new dwellings).

The consultants' findings are:

a) Physical state and design
Mix of high density, low, medium and high rise blocks ranging from 1900 to modern. The condition of the stock is poor and deteriorating due to long term lack of proper maintenance. Most blocks are structurally sound (except for Ocean). Most urgently require internal refurbishment and external decoration.

b) Housing management
The physical state of the housing, environmental problems and severe overcrowding make the estates very difficult to manage. The Council has decentralised its administration and set up locally based management and repairs teams. This has led to improvements but there are still all the signs of estate management failure; tenants are very critical of standards. Rent arrears are high, Boundary 45%, Ocean 42% and Holland 41% (34% for council tenants in England); as are transfer requests (50% on Berner); and voids (7.5% on Boundary and 7% on Ocean) (2.4% for council properties in England).

c) Living and social conditions
The residents come very low on the socio-economic scale. The unemployment rate is high-in some places around 30%. Households have low incomes: Boundary average £76 per week, Holland £81 per week, Solander £89 per week, and Shadwell £92 per week in 1986 (when the average UK household income was £233 per week) and a high proportion are dependent on state benefits. Large numbers are unskilled, lack formal qualifications and have severe language difficulties.

d) Local considerations
The Council was initially in favour of a HAT but changed their minds after the tenants associations' depth of hostility became clear. All the associations, except one, have refused contact with the consultants and have campaigned vigorously and effectively against the proposal, creating a lot of concern amongst tenants.

e) The consultants' key proposals are:
Lowering density by: replacing blocks with low rise 3, 4 and 5 bedroom houses and flats (accommodation for large families is necessary for the Bangladeshis); conversion of smaller ground and first floor flats into larger units; refurbishment with new kitchens, bathrooms, electrical wiring, heating systems and thermal insulation. Improvements to security (entry phones or concierge systems). Face lifts to common parts.

f) Costs & Timescale
The consultants estimate that the improvement works would take 5 years to complete, if work is done with tenants in situ, or 8 years if decanted, at a cost of £201 million including £129 million for the off-site development of 1,000 new units.

LEEDS

The proposed HAT area in Leeds comprises 3 estates (Gipton, Halton Moor and South Seacroft) containing over 7,400 mainly inter-war houses and flats; over 90% owned by the local authority.

The consultants' overall conclusions are that all 3 estates meet the HAT criteria but that the most compelling case can be made for Gipton where the concentration of physical and social problems is particularly acute, yet where only limited remedial action has been taken by the Council.

The consultants' findings are:

a) Physical state and design

Mostly inter-war housing - basically sound but in need of extensive repair and modernisation. Some defective system-built property. Potentially attractive environment - much could be done to enhance this through improving parking provision, better care and maintenance, better use of open space.

b) Housing management

Personal circumstances of residents, condition of housing stock and negative image of the estates make them difficult to manage - reflected in the level of voids (averaging 7%), rent arrears averaging 32% (34% for council tenants in England), and tenancy turnover (averaging 18%), compared to other areas in Leeds which average 13%. The quality of repair service does not satisfy tenants. The estates have suffered from under investment and neglect because of the council's low maintenance/low management/low investment policy. The level of Right to Buy is low averaging 3% across the estates.

c) Living and social conditions

All 3 estates are amongst the most disadvantaged areas of Leeds across a wide range of indicators - unemployment (24%) on Gipton South, overcrowding, one parent families, households without a car, low income, dependency on state benefits and crime. 67% tenants on Gipton South receive housing benefit.

d) Local considerations

Tenants' associations on the estates campaigned against HAT proposals; widespread concern about long term future and private landlords. Consultants report softening of tenants' attitudes and a greater willingness to talk about what a HAT might offer following the ballot amendment. Council has said it will follow tenants' wishes but so far remains hostile and unco-operative.

e) The consultants' key proposals are:

Modernisation and adaptation of unimproved inter-war housing and environment; selective demolition of some system-built property where improvement is not cost effective; limited small-scale new build to diversify housing stock/provide for special needs.

f) Costs & Timescale

Consultants estimate that work at Gipton will take 10 years and cost £66 million.

SANDWELL

The proposed HAT area comprises the Windmill Lane estate in Cape Hill, Smethwick and 3 miles away at Whiteheath, Lion Farm, Wallace Close and Titford estates. At July 1987 there were 3,903 homes; over 95% owned by the Council.

The consultants' findings and conclusions are:-

Whiteheath estates - HAT case cannot be made with confidence. 1960s green field development in surburban area. Mainly flats, especially high rise; only 21% of homes are houses. Apart from Titford (worst estate, now sold by Council for redevelopment) not badly rundown. Major improvements are required but can be phased over long period and given resources, should be within capabilities of Council.

Windmill Lane estate - Clear case for HAT, if area enlarged. [Estate specific figures below relate to Windmill Lane.]

a) Physical state and design

Inner city slum clearance redevelopment mostly dating from early 1960s. Mainly flats, especially high rise; only 11% of homes are houses. Too much ill-defined open space; few through roads; poor lighting; estate feels barren and insecure. Flats have uninviting entrances; lifts and stairs and dirty and vandalised; failed or no security systems.

b) Housing management

Council compares unfavourably with other West Midlands Districts on rent levels, spending on repairs and maintenance, speed of repairs. Tenants in rent arrears 48% (34% for Council tenants in England). 42% of properties void at time of survey (Sandwell 5.6% - 5th highest in England). Estate has been in decline for years. Population is transient and destablised; 24% had requested a transfer (Sandwell 15.5%); 37% had lived on estate for more than 5 years (Sandwell 63%). Council has responded to HAT by hastening sale of void blocks for demolition and redevelopment. Parts of estate are being improved but work is small scale and piecemeal.

c) Living and social conditions

Highly deprived area. 55% in socio-economic group E. Unemployment 24%; ethnic population 28%; 66% on housing benefit. Crime is single most important problem.

d) Local considerations

Council and the two tenants' associations refused to cooperate with the consultants, but over 400 tenants took part in survey. Council commissioned own study; report not published but findings believed to be similar. Council welcomed ballot amendment and will respect result; resumed normal relations with DOE. Press coverage has been generally hostile to proposals. But most tenants seem apathetic; no evidence of widespread concern.

e) The consultants' key proposals are:

(i) Radical changes to layout, improved street and path lighting to make estate more attractive and safer. Replacement of unpopular designs of 1960s; fewer tower blocks; more greenery, more houses with gardens, new kitchen and bathrooms; more efficient heating and insulation.

(ii) Wider community should be treated by HAT, estate too small (about 1,300 homes) to generate momentum; propose inclusion of neighbouring Cape Hill estate (1,300 homes) and recommend study.

f) Costs & Timescale

Consultants estimate that work at Windmill Lane will cost £23m and take 10 years. Subject to survey Cape Hill should cost £20m.

SUNDERLAND

The proposed HAT area comprises 4 estates: Downhill, Town End Farm, Hylton Castle and Hylton Red House (West) containing some 4,383 houses, 1,892 flats and 96 maisonettes. The vast majority are in local authority ownership but over 800 have been sold under Right to Buy and a small number are owned by Housing Associations.

The consultants' overall conclusions are that whilst the area cannot be described as a major concentration of run-down local authority housing, parts of the estates unquestionably meet many of the other criteria.

The consultants' findings are:

a) Physical state and design

Mostly of 1950/1960s design, low rise properties. High density. Although not generally run-down, substantial repair and modernisation is required. Road layout outdated and unsatisfactory, creating areas that cannot be adequately supervised. Predominance of hard surfaced areas and little green space and tree cover. Overall a bleak, dull and monotonous environment.

b) Housing management

The main problems are the number of vacant, difficult to let flats - which account for most of the 10% level of voids in the HAT area (2.4% for council properties in England) - and the lack of suitable accommodation for the growing elderly population. Council is considered to manage well and the tenants have expressed their general satisfaction, although there are criticisms of the repairs workmanship. 41% of residents are in rent arrears (34% of council tenants in England).

c) Living and social conditions

The residents of the estates face a combination of social and economic disadvantages. Unemployment high (21%). Households have low incomes, the average being between £50 and £110 per week in 1986 (when the average UK household income was £233 per week), and a high proportion are dependent upon state benefits. 68% of residents claim housing benefit. 55% residents unskilled and lack formal qualifications.

d) Local considerations

Council and tenants co-operated fully with the consultants in the hope that they could persuade them that a HAT was unnecessary. Council said that they would support tenants' wishes. At a recent informal meeting the Council expressed a keen interest in the extra financial resources the HAT would bring and the opportunity to improve a large area of their stock. However, they are conscious that a stance in apparent conflict with current tenant views would be difficult to justify. The tenants are fearful of forced transfers to unscrupulous private landlords, and future rent levels. The NESL closure will exacerbate the already high level of unemployment in the Sunderland area. This was announced after the consultants had prepared their draft reports.

e) The consultants' key proposals are:

Reorganisation of road layout, demolition of a number of flats to reduce density, conversion of others to provide houses, new build, upgrading and refurbishment of existing dwellings, upgrading recreation facilities, shopping and improving the landscape. HAT could also generate employment opportunities.

f) Costs & Timescale

The consultants' estimate works lasting 5 years at a cost of £75 million. DOE estimate that £58 million would produce acceptable solutions.

The objectives identified in E(LF)(87)(38) have been used by the consultants as a basis for assessing the case for HATs in the selected areas and for advising on the physical, management, social and environmental improvements that are necessary if the agreed objectives are to be achieved.

The consultants' reports provide costed estimates for a programme of physical works over a 5-10 year period which compare favourably with Admissible Cost Limits for local authority schemes and Estate Action unit costs.

The reports also include a good deal of detailed information about the current conditions on the estates. This information is not, however, comprehensive as (except in Sunderland) the consultants had to collect data without cooperation from the local authorities. Key quantifiable indicators for present conditions are set out in the table below. Appendix A to Annex A to E(LF)(87)38 listed a range of possible indicators which could provide the basis for performance targets to be set for HATs once they have been established. These could include targets for reductions in voids, rent arrears and tenant turnover; and increases in Right to Buy sales. Other output measures, no less important but for which it is less easy to set quantifiable targets, include reductions in crime, litter and graffiti; increases in tenant satisfaction and in employment amongst residents.

A standard list of indicators for measuring HATs' performance will be centrally agreed and will be based on the experience of the Estate Action programme and other DOE programmes for tackling the problems of inner cities. Each Trust's targets against these indicators will be set individually using data gathered from the consultants' reports which should, by then, be augmented by further data from the local authorities.

As proposed in E(LF)(87)(38), the performance of each HAT will be monitored annually through the Corporate Planning process. In addition to this annual assessment, DOE's research programme for 1989/90 includes a separate evaluative study which will assess conditions before, during and after the establishment of HATs.

	Number of Properties	LA Voids %	% of tenants in rent arrears	Arrears as a % of rent debit	Annual turnover of tenants	Tenants requesting a transfer %	All sales (inc RTB) % of stock	% of tenants on housing benefit	unemployment rate	Average unrebated rent 1/11/1988
LAMBETH	48,380	2.4%	47%	18%-1987 30%-1988	7%		1.5%	53%		£18.69
- LOUGHBOROUGH	1,273	7%	70%					65%	23%	
- ANGELL TOWN	871	7%	57%					64%	23%	
SOUTHWARK	61,122	31%	59%	29%	7%	17.5%	3.5%	62%	17%	£20.39
- GLOUCESTER GROVE	1,194	3%	80%		13%	40%	negligible	55%	30%	
- NORTH PECKHAM	1,493	15%	83%		13%	60%		55%	30%	
LEEDS	90,202	1.5%	24%	3.1%	13%		8%	65%	10%	£15.18
- GIPTON (S)	3,782	7%	28%		20%		3%	67%	24%	
- S. SEACROFT	2,304	8%	37%		15%		3%	66%	28%	
- HALTON MOOR	1,352	7%	34%		16%		4%	66%	29%	
SANDWELL	53,707	5.6%		5.8%	14.2%	15.5%	10.2%		15%	£17.80
- WINDMILL LANE	1,714	40-42%[2]	48%			24%		66%	24%	
- WHITEHEATH	2,189	16%						61%	17%[3]	
SUNDERLAND	51,064	4.1%	39%	4%	6.5%		13%	66%	17%	£14.73
- DOWNHILL) - TOWN END FARM) - HYLTON CASTLE)	5,187[1]	10%	41%		9%	6%	13%	68%	21%	
NATIONAL AVERAGE		2.4%	34%	5.7%	9.8%	N/K	17%	67%	8%	£19.06

FOOTNOTES

1. 6197 properties on estates with 5,187 still in LA ownership.
2. In some cases blocks have been emptied in order that the buildings can be sold.
3. Extrapolated from MORI survey of tenants.

HOUSING : Policy pt 14

ANNEX B

CONFIDENTIAL

HATs: PROFILE OF ESTIMATED GROSS CAPITAL EXPENDITURE COMPARED WITH PUBLIC EXPENDITURE PROVISION

	89/90	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	TOTAL
Lambeth	1	16	16	20	20	15	5	-	-	-	93
Southwark	1	17	18	25	25	7	7	6	6	-	112
Leeds	1	5	8	8	8	8	7	7	7	7	66
Sandwell	1	4	6	6	8	8	4	3	2	1	43
Sunderland	1	15	16	16	10	-	-	-	-	-	58
Total	5	57	64	75	71	38	23	16	15	8	372
PESC Provision:	68	90	90								

Notes

(1) The table assumes that HATs will be set up by 1 April 1990: £1m for set-up costs in each area are assumed for 1989/90.

(2) The figures for Sandwell include £23m for Windmill Lane and DOE estimate of £20m for Cape Hill

(3) The figure for Leeds assume that a HAT would be established for Gipton only.

(4) PESC provision = EFL, including borrowing assumption for transfer costs.

(5) This profile excludes receipts. Our earlier profiling work included broadbrush assumptions about sales of tenanted properties to other landlords and tenants under the Right to Buy (RTB). Recent DOE research shows that tenants considering exercising their RTB are influenced by the condition of the area surrounding the property they live in. RTB sales are likely to increase following large scale revitalisation programmes such as those which HATs will undertake. But it is not be feasible to make realistic projections now because the effectiveness of the work programmes (to be worked out in consultation with tenants) will affect the likelihood and timing of receipts.

CONFIDENTIAL

PRIME MINISTER

COUNCIL HOUSING RENTS

Second Reading Debate on the Local Government and Housing Bill is currently scheduled for 14 February. I should like to use that opportunity to dismiss some of the grosser misrepresentations that have been made of our thinking on council rents. I attach a paper for E(LF) colleagues which further develops the position that we have previously taken and defines a basis for a clear statement of our policy.

The Bill itself contains very flexible provisions. Councils will continue to determine their own rents, but subject to the influence of our subsidy. Our consultation document of 27 July last year said that rents should be set by reference to what people can pay and what their property is worth, rather than historic cost accounting figures. The paper below shows how we might move authorities' rents closer to reference rents derived from capital values.

I have given a lot of thought to ensuring that we do not steer authorities towards rents that people cannot afford without too great a reliance on housing benefit. I believe the procedures I outline in the paper provide a solution. They avoid the need to pin ourselves to limiting rents by referring to a particular proportion of tenants' income (we have resolutely avoided this in the new grant regime for housing association schemes). They also allow us to retain full flexibility from year to year.

There are two public expenditure points to be kept in mind:

i. it is a feature of the new regime that HB costs arising from increases in guideline rents are consumed by the savings on the new Subsidy;

ii. the size of our annual guideline rent increases will be

for inter-departmental agreement in the annual PES discussions.

And the policy would permit variations to be agreed in Wales.

I do not propose to quote any figures at Second Reading, but I do want to be able to deny the Opposition's extravagant claims, and to do that I need to be able to outline the approach I plan to take, and to describe its effects:

a. no sharp rises in rents;

b. a gradual elimination of step changes in rents between neighbouring authorities;

c. a gradual smoothing of the step change between council rents and housing association rents;

d. a gradual move towards reflecting more accurately the varying costs of housing - and of owner occupation - in different parts of the country;

e. a gentler pressure on authorities who have pursued realistic rent policies than on those who have wilfully maintained rents for political reasons at absurdly low levels; and

f. a permanent cap on the highest rents to stop them going too far ahead of the average; and

g. a year-by-year adjustment in the light of results.

I am copying this letter to Peter Walker and other members of E(LF).

NR

8 February 1989

CONFIDENTIAL

Draft Paper for E(LF)

Council Housing Rents

1. Last year E(LF) agreed my proposals for a new financial regime for local authority housing, (see in particular the correspondence of June and July 1988). Although we were agreed that we should get councils away from historic cost accounting, and said so in public consultations, we have not yet fully developed our proposals on council rents. We need to be able to explain the principles of our policy in the Second Reading Debate on the Local Government and Housing Bill (scheduled for 14 February).

2. E(LF) agreed that council rents should begin to take more account of the desirability, state of repair and value of the property, and this paper proposes how that should be achieved. It also shows how the levers in the new financial regime can be pulled so that councils' rents are gradually brought to reflect more consistently the regional pattern of owner occupiers' costs and new housing association rents, so that council tenants who do not need to live in areas of great housing pressure in the South East might be persuaded to consider moving to where accommodation is more readily available. These changes are essential to get a better fit between supply and demand. They will also encourage tenants to consider other options open to them such as Right to Buy and Tenants' Choice.

The New Financial Regime

3. The Local Government and Housing Bill incorporates a flexible provision which will enable me, year by year, to exert indirect but effective pressure on council rents by determining the amount of subsidy going into authorities' Housing Revenue Accounts. Councils will have to balance the Account each year,

and they will only be able to do so by adjusting the amount they spend on management and maintenance or the amount they raise for rent. These mechanisms are explained at annex A.

Principles for determination of rent assumptions in Subsidy settlements

4. In deciding how to influence council rent levels, we have to start from where they are now (in general, very low - an average of £18.86 a week). It is politically vital to avoid any accusations that we are forcing unreasonable increases on tenants. I therefore propose an incremental system. In essence, I would take two objectively determined factors: each council's actual rent and the rent the market would determine in that area. The policy would be to seek to narrow the gap between these figures, but I would make it clear from the outset that it is not our intention in the foreseeable future actually to close the gap. Each year we would make a rent determination which on average narrowed the gap by a specified (modest) percentage. We would thus be in control; there would be nothing inexorable about movements from one year to the next.

5. Because there is a shortage of market rent analogues, the most practicable approach for determining the upper of our two fixed points is to assess capital values, to make assumptions about a reasonable percentage return on investment, and to add a component to reflect a landlord's management and maintenance costs. For purposes of this paper, capital values have been derived from evidence of sales to tenants.

6. We need to consider very carefully the assumed rate of return. Since owners of property benefit from capital appreciation to different extents in different parts of the country, private investors would not expect an identical rate of return from rent income in every region. They would trade-off income against capital gains. It would therefore be reasonable to set regional rates of return from rents which vary from region to region. My Department's preliminary

exemplifications suggests these could be set to range from about 3½% across London and the South East to perhaps 6% in the North.

7. On preliminary estimates of capital values, rates of return such as these might indicate average market rents between £70.77 (Kensington) and £18.79 (Hinckley). Annex B suggests some regional rates of return and the range of rents they give rise to. For comparison, council rents at present range from an average of £35.30 in Kensington to £11.99 in Ellsmere Port.

8. This system would not, however, commit us to achieving these "capital value" rents in any area, nor at any particular pace. We would be under great pressure nevertheless to say from the outset how far we would want rents to go towards market levels, and I believe that it would be necessary to explain that we envisaged stopping well short in many areas. We would, in particular, say that the high Kensington figure (and some other London figures) was not a target. A cap could be applied through a rule that the capital value rents assumed for any district should not exceed the national average capital value rent by more than a given percentage. For example a rule that limited the reference rents to 1½ times the national average, would cut off at £53 a week and protect 13 authorities. Annex C shows the full range of capital value rents on the evidence available at present and compares these with present rents plus the notional rents after a few years of operation.

9. The advantages of such a policy would be that, from the outset, market type influences would be felt - to whatever extent. Recommended annual rent increases would be greater in areas where current rents were furthest away from the value of the property, and proportionally less in areas like Wandsworth which have been pursuing an active policy of moving towards reasonable rents. It would enable us to present our policy in a positive way and counter the widespread misconception that we want to put up rents simply to produce surpluses to keep the national Housing Benefit bill down. It is true that a reduced

Housing Benefit bill will be an effect of the new regime, but it is vital to stop people getting the idea that that is its purpose.

Conclusion

10. I hope therefore we might agree:

a) on the principle of introducing a gradual and controllable movement towards capital-value rents into the essential annual assessment of guideline rent increases; and

b) that I announce our approach in Second Reading Debate on the Local Government and Housing Bill.

Annex A

Mechanisms for influencing council rents

1. The new Housing Revenue Account Subsidy will meet the notional deficit on any authority's account after allowing for rents on the one hand and expenditure on the other (the cost of rent rebates as well as loan charges and management and maintenance). If and when authorities reach the point at which they can manage without subsidy, the new Bill provides for mandatory transfers out of the account of a notional surplus on the account. Whether an authority is "in subsidy" or "in surplus", the determination of rent assumptions by the Secretary of State will be a key step in the calculation each year.

2. It is not necessary to determine, from Whitehall, an actual rent level for each authority each year; that would be more prescriptive than I would want. It would be sufficient to announce a "subsidy entitlement" (or "notional surplus to be transferred out") for each authority, deriving that from a guideline annual rent increase. That increase should not be the same for each authority. My proposal is that each year we announce the extent to which we ask authorities to close the gap between their current rents and the capital value rents we have assessed. It might, for example, be a 5% reduction of that gap. Inflation could be taken into account at the stage of revising the capital values each year, or we could make a flat-rate allowance for inflation in the annual guidelines. I emphasise that each year's determination would be for discussion in the PES round. Purely for illustration however, annex B shows the way in which the gap would narrow for authorities if [a 4.3%] gap closure was made each year. PES discussions would of course assess the net savings to the Exchequer after allowing for increases in the cost of rent rebates (it is a feature of the new regime that HB costs arising from increases in guideline rents are consumed by the savings on the Subsidy).

3. Other questions arise about mechanisms. In particular, there will be difficulties in establishing sound valuations, especially at an early date, and shall want to proceed by means of a sample survey which might be very limited at first but which could be extended in subsequent years. We might want to allow councils to appeal against their assessments. This and other practical issues should be explored and, I believe, discussed with the local authority associations and professional bodies between now and debate in Standing Committee.

Annex B

CAPITAL VALUE RENTS
BASED ON REGIONAL RATES OF RETURN

Region	Rate of Return		Maximum and Minimum Capital Value rents (Rent Per Week)	
North	6%	{Max =	£40.67	(South Lakeland)
		{Min =	£25.53	(Sunderland)
York/Hum	5½%	{Max =	£40.22	(Craven)
		{Min =	£19.52	(Leeds)
East Mids	5%	{Max =	£37.75	(Lincoln)
		{Min =	£18.79	(Hinckley)
East Anglia	3½%	{Max =	£34.02	(South Cambs)
		{Min =	£23.08	(Fenland)
Gt London	3½%	{Max =	£70.77	(Kensington & Chelsea)*
		{Min =	£34.80	(Lambeth)*
South East	3½%	{Max =	£53.86	(South Bucks)
		{Min =	26.65	(Tendring)
South West	4¼%	{Max =	£44.49	(Purbeck)**
		{Min =	29.10	(Thamesdown)
West Mids	5%	{Max =	£36.68	(Hereford)
		{Min =	24.94	(Cannock)
North West	5½%	{Max =	36.35	(Macclesfield)
		{Min =	21.09	(Burnley)

* In London, the second highest and lowest are shown. The actual highest is City of London (£101.83) but this authority has only a small stock of dwellings. The actual lowest is Ealing (£34.61) but this is based on capital value data that is thought to be particuarly unreliable.

** Isles of Scilly with £52.33 is the maximum for the Region but the authority has only a very small stock.

Annex C

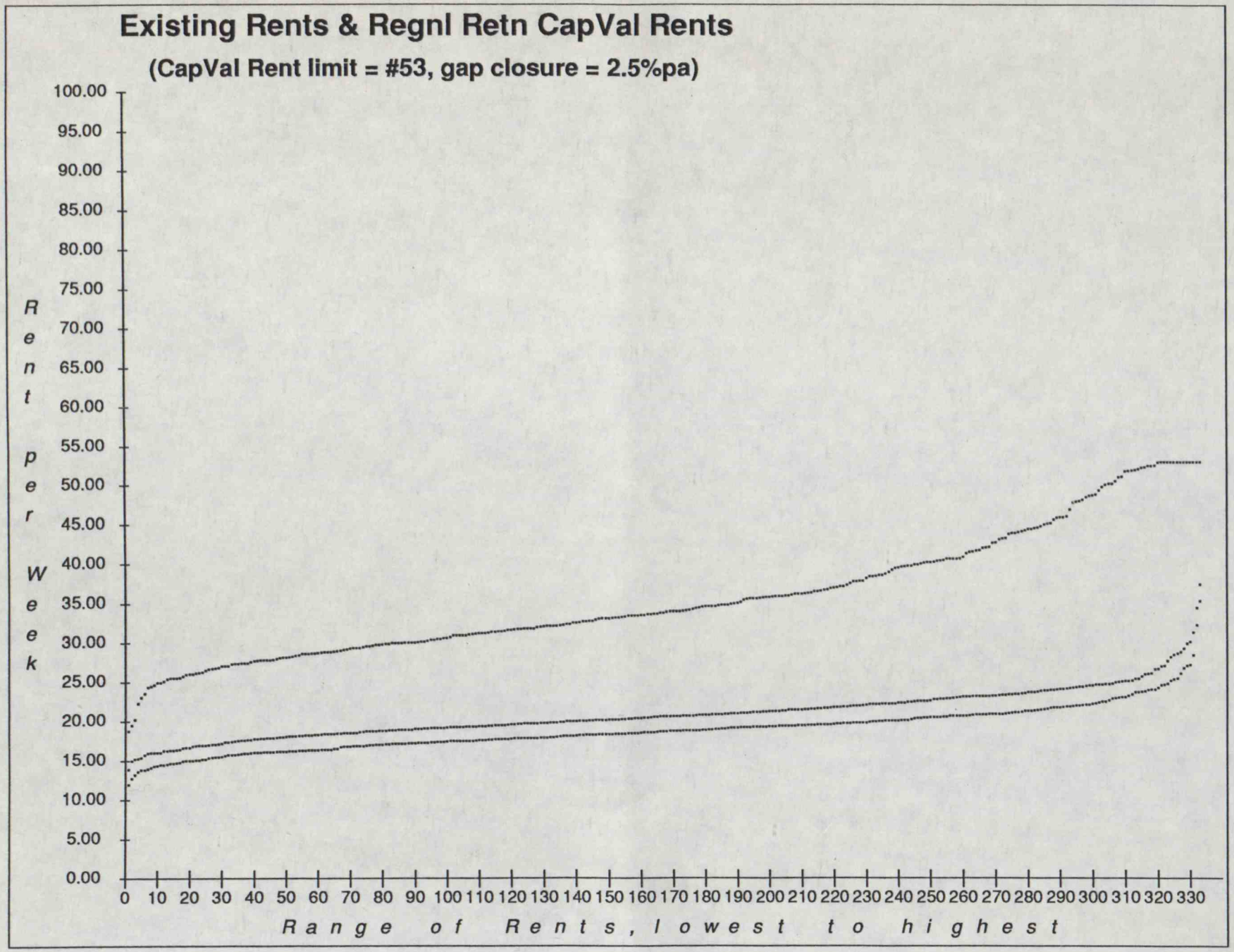
Effect of Superimposing Limits on Capital Value Rents based on regional rates of return.

Assuming regional rates of return, and based on evidence of values from local authority sales of dwellings, the average capital value rent level is £35.40 for 1988/89.

If all rent levels are subject to an upper limit defined as a percentage of this national average, the following rent limits result:

	130%	150%	155%
	£46	£53	£55
No of LAs that would be affected by the limit	42	13	8
LAs affected	almost all LAs in London Plus Slough Windsor South Bucks Epping Thurrock Broxbourne Watford Elmbridge Reigate Runnymede Spelthorne Waverley Woking Isles of Scilly	City of London Camden Greenwich Hackney Hammersmith Islington Kensington & Chelsea Lewisham Richmond Southwark Tower Hamlets Westminster South Bucks	City of London Camden Hackney Hammersmith Islington Kensington & Chelsea Lewisham Tower Hamlets

The attached graphs plot the effect of the upper limits of 125% and 150%


Existing Rents & Regnl Retn CapVal Rents
(CapVal Rent limit = #53, gap closure = 2.5%pa)
Rent per Week
100.00
95.00
90.00
85.00
80.00
75.00
70.00
65.00
60.00
55.00
50.00
45.00
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00
0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200 210 220 230 240 250 260 270 280 290 300 310 320 330
Range of Rents, lowest to highest

(1) Cap Val Rents with #53 limit, first year, sorted

REGION/ County	Authority	average capital values for each LA (#) (a)	CAPITAL VALUE RENT with regional rates of return 6.0% N, 5.5% YH,NW, 5.0% EM,WM, 4.25% SW, 3.5% EA,GL,SE limit =#53 (b)	Actual Weekly Rent in April 88 (c)	Rent increase implied by 2.5% move towards CAP.VAL.RENT plus 5% for INFLATION (d)	Revised Weekly Rent Level (e)	CASH Rent Increase in % terms (f)	Increased Rent as a proportion of NET income (g)
NORTH	Hartlepool	19751	28.40	20.89	1.23	22.12	5.9%	17%
Cleveld	Langbaurgh	20409	31.79	20.05	1.30	21.35	6.5%	16%
	Middlesborough	17644	28.16	24.57	1.32	25.89	5.4%	20%
	Stockton-On-Tees	17644	27.37	20.38	1.19	21.57	5.9%	16%
Cumbria	Allerdale	25204	33.99	19.18	1.33	20.51	6.9%	16%
	Barrow-in-Furness	25204	36.14	19.19	1.38	20.57	7.2%	16%
	Carlisle	21068	30.02	13.25	1.08	14.33	8.2%	11%
	Copeland	22102	33.54	17.23	1.27	18.50	7.4%	14%
	Eden	26884	35.65	17.32	1.32	18.64	7.6%	14%
	South Lakeland	29469	40.67	17.87	1.46	19.33	8.2%	15%
Durham	Chester-Le-Street	23174	33.43	19.39	1.32	20.71	6.8%	16%
	Darlington	21594	31.37	15.97	1.18	17.15	7.4%	13%
	Derwentside	20146	28.69	17.70	1.16	18.86	6.6%	14%
	Durham	20672	30.07	17.80	1.20	19.00	6.7%	14%
	Easington	16722	27.71	19.96	1.19	21.15	6.0%	16%
	Sedgefield	18039	29.73	18.78	1.21	19.99	6.5%	15%
	Teesdale	24886	33.27	15.93	1.23	17.16	7.7%	13%
	Wear Valley	18697	27.30	18.24	1.14	19.38	6.2%	15%
Nthmbld	Alnwick	25242	34.79	19.15	1.35	20.50	7.0%	16%
	Berwick-Upon-Twee	22049	29.45	15.72	1.13	16.85	7.2%	13%
	Blyth Valley	25473	35.51	18.33	1.35	19.68	7.3%	15%
	Castle Morpeth	23829	32.17	19.30	1.29	20.59	6.7%	16%
	Tynedale	21364	31.52	15.47	1.17	16.64	7.6%	13%
	Wansbeck	26842	36.98	16.80	1.34	18.14	8.0%	14%
Tyne/Wr	Gateshead	23437	36.00	18.90	1.37	20.27	7.3%	15%
	Newcastle upon Ty	21067	33.45	19.76	1.33	21.09	6.7%	16%
	North Tyneside	21462	31.64	15.02	1.17	16.19	7.8%	12%
	South Tyneside	21462	30.35	16.28	1.17	17.45	7.2%	13%
	Sunderland	16195	25.53	14.73	1.01	15.74	6.8%	12%
YK/HUMB	Beverley	26943	33.11	14.16	1.18	15.34	8.3%	12%
Humbs	Boothferry	18441	26.01	17.36	1.08	18.44	6.2%	14%
	Cleethorpes	19226	27.03	18.42	1.14	19.56	6.2%	15%
	East Yorkshire	24327	32.35	19.26	1.29	20.55	6.7%	16%
	Glanford	17657	23.59	14.94	0.96	15.90	6.4%	12%
	Great Grimsby	17787	25.96	18.86	1.12	19.98	5.9%	15%
	Holderness	22365	30.17	16.93	1.18	18.11	7.0%	14%
	Kingston upon Hul	22757	29.65	17.55	1.18	18.73	6.7%	14%
	Scunthorpe	17526	26.24	18.18	1.11	19.29	6.1%	15%
N Yorks	Craven	26979	40.22	17.78	1.45	19.23	8.2%	15%
	Hambleton	22323	28.97	16.78	1.14	17.92	6.8%	14%
	Harrogate	25939	33.22	17.16	1.26	18.42	7.3%	14%
	Richmondshire	25017	33.13	20.02	1.33	21.35	6.6%	16%
	Ryedale	21462	27.80	17.62	1.14	18.76	6.4%	14%
	Scarborough	23701	31.48	16.29	1.19	17.48	7.3%	13%
	Selby	23174	30.93	17.13	1.20	18.33	7.0%	14%
	York	23569	29.99	13.83	1.10	14.93	7.9%	11%
S Yorks	Barnsley	19488	27.77	15.93	1.09	17.02	6.9%	13%
	Doncaster	19880	28.07	14.37	1.06	15.43	7.4%	12%
	Rotherham	18441	26.77	14.55	1.03	15.58	7.1%	12%
	Sheffield	20796	28.66	21.73	1.26	22.99	5.8%	18%
W Yorks	Bradford	17003	24.93	18.73	1.09	19.82	5.8%	15%
	Calderdale	16349	25.39	18.53	1.10	19.63	5.9%	15%
	Kirklees	17395	24.35	18.06	1.06	19.12	5.9%	15%

	Leeds	11510	19.52	14.74	0.86	15.60	5.8%	12%
	Wakefield	21973	28.86	16.03	1.12	17.15	7.0%	13%
E MIDS	Amber Valley	23145	29.57	16.35	1.15	17.50	7.0%	14%
Derbys	Bolsover	21912	28.12	18.30	1.16	19.46	6.3%	15%
	Chesterfield	23145	28.25	16.71	1.12	17.83	6.7%	14%
	Derby	17667	22.32	16.10	0.96	17.06	6.0%	13%
	Derbyshire Dales	28760	33.95	17.67	1.29	18.96	7.3%	15%
	Erewash	23829	28.85	16.00	1.12	17.12	7.0%	13%
	High Peak	25884	32.75	17.93	1.27	19.20	7.1%	15%
	North East Derbys	23282	29.27	17.48	1.17	18.65	6.7%	14%
	South Derbyshire	22323	26.82	17.71	1.11	18.82	6.3%	15%
Leics	Blaby	26157	31.26	12.77	1.10	13.87	8.6%	11%
	Charnwood	25610	33.06	15.52	1.21	16.73	7.8%	13%
	Harborough	27801	34.62	18.11	1.32	19.43	7.3%	15%
	Hinckley & Boswor	13010	18.79	17.45	0.91	18.36	5.2%	14%
	Leicester	20953	26.14	21.17	1.18	22.35	5.6%	17%
	Melton	25747	31.43	17.44	1.22	18.66	7.0%	14%
	North West Leices	26431	31.24	18.02	1.23	19.25	6.8%	15%
	Oadby & Wigston	26979	30.05	14.48	1.11	15.59	7.7%	12%
	Rutland	26568	30.94	15.08	1.15	16.23	7.6%	13%
Lincs	Boston	21775	26.69	16.22	1.07	17.29	6.6%	13%
	East Lindsey	24514	30.59	17.19	1.19	18.38	6.9%	14%
	Lincoln	32868	37.75	16.89	1.37	18.26	8.1%	14%
	North Kesteven	23282	28.59	18.53	1.18	19.71	6.4%	15%
	South Holland	25747	33.16	17.98	1.28	19.26	7.1%	15%
	South Kesteven	25747	32.01	17.49	1.24	18.73	7.1%	15%
	West Lindsey	21364	27.81	17.66	1.14	18.80	6.4%	15%
Nhants	Corby	25896	32.15	15.63	1.19	16.82	7.6%	13%
	Daventry	24981	29.83	17.15	1.17	18.32	6.8%	14%
	East Northants	23411	28.77	15.00	1.09	16.09	7.3%	12%
	Kettering	25112	31.05	20.10	1.28	21.38	6.4%	17%
	Northampton	25896	33.67	18.37	1.30	19.67	7.1%	15%
	South Northants	19488	25.52	15.00	1.01	16.01	6.8%	12%
	Wellingborough	25635	29.99	18.95	1.22	20.17	6.5%	16%
Notts	Ashfield	15338	20.25	16.46	0.92	17.38	5.6%	13%
	Bassetlaw	19584	26.02	15.87	1.05	16.92	6.6%	13%
	Broxtowe	25062	30.13	19.90	1.25	21.15	6.3%	16%
	Gedling	25199	29.35	17.26	1.17	18.43	6.8%	14%
	Mansfield	18077	24.63	19.36	1.10	20.46	5.7%	16%
	Newark & Sherwood	23966	32.54	16.27	1.22	17.49	7.5%	14%
	Nottingham	22597	27.37	19.01	1.16	20.17	6.1%	16%
	Rushcliffe	26842	33.66	17.82	1.29	19.11	7.2%	15%
E ANGLIA	Cambridge	41963	33.95	18.31	1.31	19.62	7.1%	15%
Cambs	East Cambridgeshi	30991	27.42	18.09	1.14	19.23	6.3%	15%
	Fenland	22539	23.08	15.42	0.96	16.38	6.2%	13%
	Huntingdonshire	32473	29.99	17.20	1.18	18.38	6.9%	14%
	Peterborough	24170	25.11	17.56	1.07	18.63	6.1%	14%
	South Cambridgesh	38849	34.02	17.02	1.28	18.30	7.5%	14%
Norfolk	Breckland	27135	26.48	17.38	1.10	18.48	6.3%	14%
	Broadland	33660	28.58	17.10	1.14	18.24	6.7%	14%
	Great Yarmouth	32770	28.58	16.30	1.12	17.42	6.9%	13%
	Kings Lynn & W.N.	24318	24.47	16.05	1.01	17.06	6.3%	13%
	North Norfolk	31435	27.57	17.12	1.12	18.24	6.5%	14%
	Norwich	34253	29.94	19.48	1.24	20.72	6.3%	16%
	South Norfolk	30842	29.35	19.68	1.23	20.91	6.2%	16%
Suffolk	Babergh	31139	29.55	17.35	1.17	18.52	6.8%	14%
	Forest Heath	34253	29.35	17.44	1.17	18.61	6.7%	14%
	Ipswich	35291	31.11	17.71	1.22	18.93	6.9%	15%
	Mid Suffolk	30546	27.84	20.18	1.20	21.38	5.9%	16%
	St. Edmundsbury	32473	28.21	14.65	1.07	15.72	7.3%	12%
	Suffolk Coastal	36625	30.61	16.34	1.17	17.51	7.2%	13%
	Waveney	27877	26.19	18.78	1.12	19.90	6.0%	15%
LONDON	BARKING	44089	40.69	15.15	1.40	16.55	9.2%	11%
	BARNET	56546	49.33	26.07	1.89	27.96	7.2%	19%
	CITY OF LONDON	108502	53.00	24.26	1.93	26.19	8.0%	18%
	BEXLEY	51956	48.68	18.34	1.68	20.02	9.1%	13%

	BRENT	52612	51.77	17.10	1.72	18.82	10.1%	13%
	BROMLEY	53759	48.13	26.74	1.87	28.61	7.0%	19%
	CAMDEN	67363	53.00	21.34	1.86	23.20	8.7%	16%
	CROYDON	60151	51.95	25.33	1.93	27.26	7.6%	18%
	EALING	33272	34.61	21.99	1.42	23.41	6.4%	16%
	ENFIELD	61463	50.52	25.16	1.89	27.05	7.5%	18%
	GREENWICH	59987	53.00	18.06	1.78	19.84	9.8%	13%
	HACKNEY	58512	53.00	15.17	1.70	16.87	11.2%	11%
	HAMMERSMITH	63102	53.00	27.06	2.00	29.06	7.4%	20%
	HARINGEY	58512	51.89	17.80	1.74	19.54	9.8%	13%
	HARROW	61299	52.50	25.46	1.95	27.41	7.7%	18%
	HAVERING	61299	51.87	22.49	1.86	24.35	8.3%	16%
	HILLINGDON	61299	52.06	21.26	1.83	23.09	8.6%	16%
	HOUNSLOW	61299	52.95	19.71	1.82	21.53	9.2%	14%
	ISLINGTON	66543	53.00	19.22	1.81	21.03	9.4%	14%
	KENSINGTON & CHEL	76541	53.00	35.30	2.21	37.51	6.3%	25%
	KINGSTON UPON THA	58348	51.14	23.78	1.87	25.65	7.9%	17%
	LAMBETH	19996	34.80	18.69	1.34	20.03	7.2%	13%
	LEWISHAM	57201	53.00	20.65	1.84	22.49	8.9%	15%
	MERTON	36222	37.49	23.42	1.52	24.94	6.5%	17%
	NEWHAM	49498	47.95	19.73	1.69	21.42	8.6%	14%
	REDBRIDGE	53595	50.22	27.18	1.94	29.12	7.1%	20%
	RICHMOND UPON THA	62774	53.00	23.02	1.90	24.92	8.3%	17%
	SOUTHWARK	56709	53.00	20.39	1.83	22.22	9.0%	15%
	SUTTON	56382	48.80	23.67	1.81	25.48	7.7%	17%
	TOWER HAMLETS	58512	53.00	19.11	1.80	20.91	9.4%	14%
	WALTHAM FOREST	48187	45.89	19.76	1.64	21.40	8.3%	14%
	WANDSWORTH	49498	50.17	32.27	2.06	34.33	6.4%	23%
	WESTMINSTER	52448	53.00	28.41	2.04	30.45	7.2%	20%
S EAST	Luton	42085	36.56	20.66	1.43	22.09	6.9%	16%
Beds	Mid Bedfordshire	40682	34.37	16.22	1.26	17.48	7.8%	13%
	North Bedfordshir	35071	30.50	18.77	1.23	20.00	6.6%	15%
	South Bedfordshir	42085	40.16	20.63	1.52	22.15	7.4%	17%
Berks	Bracknell	55646	45.60	20.41	1.65	22.06	8.1%	16%
	Newbury	51593	42.01	19.51	1.54	21.05	7.9%	16%
	Reading	40526	35.14	19.30	1.36	20.66	7.1%	15%
	Slough	56425	48.51	18.56	1.68	20.24	9.0%	15%
	Windsor & Maidenh	62816	52.54	19.43	1.80	21.23	9.3%	16%
	Wokingham	44891	41.74	20.99	1.57	22.56	7.5%	17%
Bucks	Aylesbury Vale	46293	38.13	17.24	1.38	18.62	8.0%	14%
	Chiltern	56737	45.17	18.31	1.59	19.90	8.7%	15%
	Milton Keynes	37409	33.63	18.85	1.31	20.16	7.0%	15%
	South Bucks	63127	53.00	20.07	1.83	21.90	9.1%	16%
	Wycombe	54866	44.56	17.57	1.55	19.12	8.8%	14%
E Sussex	Brighton	44111	40.41	21.52	1.55	23.07	7.2%	17%
	Eastbourne	41929	37.09	20.89	1.45	22.34	6.9%	17%
	Hastings	37876	34.57	18.58	1.33	19.91	7.2%	15%
	Hove	40526	35.94	21.54	1.44	22.98	6.7%	17%
	Lewes	43644	39.21	20.04	1.48	21.52	7.4%	16%
	Rother	37565	34.54	16.28	1.27	17.55	7.8%	13%
	Wealden	42085	35.68	22.64	1.46	24.10	6.4%	18%
Essex	Basildon	41617	39.76	20.89	1.52	22.41	7.3%	17%
	Braintree	40682	33.96	18.26	1.31	19.57	7.1%	15%
	Brentwood	42085	38.39	20.74	1.48	22.22	7.1%	17%
	Castle Point	35071	31.79	21.05	1.32	22.37	6.3%	17%
	Chelmsford	42085	33.91	18.16	1.30	19.46	7.2%	15%
	Colchester	33356	29.88	19.11	1.22	20.33	6.4%	15%
	Epping Forest	55957	49.79	19.23	1.73	20.96	9.0%	16%
	Harlow	49255	43.09	16.10	1.48	17.58	9.2%	13%
	Maldon	40682	34.71	19.33	1.35	20.68	7.0%	15%
	Rochford	43332	38.38	22.22	1.51	23.73	6.8%	18%
	Southend-On-Sea	40994	35.82	24.78	1.51	26.29	6.1%	20%
	Tendring	30395	26.65	19.71	1.16	20.87	5.9%	16%
	Thurrock	55490	46.89	18.85	1.64	20.49	8.7%	15%
	Uttlesford	46761	41.35	19.55	1.52	21.07	7.8%	16%
Hants	Basingstoke	48320	41.57	20.70	1.56	22.26	7.5%	17%

	East Hampshire	48008	42.66	21.10	1.59	22.69	7.6%	17%
	Eastleigh	40838	36.45	20.51	1.42	21.93	6.9%	16%
	Fareham	40214	36.17	20.66	1.42	22.08	6.9%	16%
	Gosport	39903	34.42	19.32	1.34	20.66	7.0%	15%
	Hart	57204	45.84	19.95	1.64	21.59	8.2%	16%
	Havant	42708	37.77	22.06	1.50	23.56	6.8%	18%
	New Forest	46917	38.41	22.48	1.52	24.00	6.8%	18%
	Portsmouth	38656	35.55	22.36	1.45	23.81	6.5%	18%
	Rushmoor	50658	45.13	21.86	1.67	23.53	7.7%	18%
	Southampton	35850	32.00	19.86	1.30	21.16	6.5%	16%
	Test Valley	43176	37.29	23.04	1.51	24.55	6.5%	18%
	Winchester	49567	41.51	20.80	1.56	22.36	7.5%	17%
Herts	Broxbourne	63439	52.48	21.75	1.86	23.61	8.5%	18%
	Dacorum	54399	44.99	17.30	1.56	18.86	9.0%	14%
	East Hertfordshir	52372	44.02	19.16	1.58	20.74	8.2%	15%
	Hertsmere	43799	39.46	20.52	1.50	22.02	7.3%	16%
	North Hertfordshi	46293	38.56	17.44	1.40	18.84	8.0%	14%
	St. Albans	52216	42.74	16.13	1.47	17.60	9.1%	13%
	Stevenage	46761	43.31	14.30	1.44	15.74	10.1%	12%
	Three Rivers	52216	44.45	19.33	1.59	20.92	8.2%	16%
	Watford	55178	46.03	17.46	1.59	19.05	9.1%	14%
	Welwyn Hatfield	50969	42.15	16.82	1.47	18.29	8.8%	14%
IoWight	Medina	33200	30.92	23.69	1.37	25.06	5.8%	19%
	South Wight	43332	35.40	20.32	1.39	21.71	6.9%	16%
Kent	Ashford	37097	32.20	22.93	1.38	24.31	6.0%	18%
	Canterbury	34603	31.77	20.02	1.29	21.31	6.5%	16%
	Dartford	48631	40.63	20.82	1.54	22.36	7.4%	17%
	Dover	35538	32.60	20.49	1.33	21.82	6.5%	16%
	Gillingham	34759	30.47	23.97	1.36	25.33	5.7%	19%
	Gravesham	42553	36.92	16.81	1.34	18.15	8.0%	14%
	Maidstone	44267	40.67	16.32	1.42	17.74	8.7%	13%
	Rochester-o-Medwa	37876	35.01	21.76	1.42	23.18	6.5%	17%
	Sevenoaks	51437	43.24	19.72	1.57	21.29	8.0%	16%
	Shepway	38032	33.44	24.03	1.44	25.47	6.0%	19%
	Swale	34759	31.19	19.36	1.26	20.62	6.5%	15%
	Thanet	35382	33.82	18.38	1.31	19.69	7.1%	15%
	Tonbridge & Malli	48008	39.93	19.09	1.48	20.57	7.7%	15%
	Tunbridge Wells	43799	36.48	18.39	1.37	19.76	7.5%	15%
Oxon	Cherwell	40370	33.79	17.43	1.28	18.71	7.3%	14%
	Oxford	47073	39.68	16.36	1.40	17.76	8.6%	13%
	South Oxfordshire	50969	43.82	19.53	1.58	21.11	8.1%	16%
	Vale Of White Hor	47696	40.39	17.62	1.45	19.07	8.2%	14%
	West Oxfordshire	43332	36.23	18.67	1.37	20.04	7.4%	15%
Surrey	Elmbridge	64063	52.23	21.37	1.84	23.21	8.6%	17%
	Epsom & Ewell	50658	44.27	21.88	1.65	23.53	7.6%	18%
	Guildford	52684	43.89	21.30	1.63	22.93	7.7%	17%
	Mole Valley	50658	41.68	17.83	1.49	19.32	8.3%	14%
	Reigate & Banstea	56737	47.89	17.00	1.62	18.62	9.5%	14%
	Runnymede	57984	50.06	21.27	1.78	23.05	8.4%	17%
	Spelthorne	56113	48.74	24.04	1.82	25.86	7.6%	19%
	Surrey Heath	51905	44.43	21.97	1.66	23.63	7.6%	18%
	Tandridge	54087	45.94	18.78	1.62	20.40	8.6%	15%
	Waverley	59386	47.78	20.90	1.72	22.62	8.2%	17%
	Woking	61569	51.04	20.46	1.79	22.25	8.7%	17%
W Sussex	Adur	44423	38.71	19.03	1.44	20.47	7.6%	15%
	Arun	35538	34.11	23.03	1.43	24.46	6.2%	18%
	Chichester	47696	40.04	20.84	1.52	22.36	7.3%	17%
	Crawley	55646	44.77	19.53	1.61	21.14	8.2%	16%
	Horsham	53308	44.17	20.67	1.62	22.29	7.8%	17%
	Mid Sussex	50658	42.07	20.41	1.56	21.97	7.7%	16%
	Worthing	25874	27.06	23.21	1.26	24.47	5.4%	18%
S WEST	Bath	38092	40.48	19.72	1.51	21.23	7.6%	17%
Avon	Bristol	28830	31.78	16.94	1.22	18.16	7.2%	14%
	Kingswood	33162	34.90	15.80	1.27	17.07	8.0%	13%
	Northavon	33013	36.16	18.56	1.37	19.93	7.4%	16%
	Wansdyke	34208	37.11	16.11	1.33	17.44	8.3%	14%

	Woodspring	29278	31.40	22.05	1.34	23.39	6.1%	18%
Cornwall	Caradon	34955	35.71	19.53	1.38	20.91	7.1%	16%
	Carrick	27038	35.86	16.16	1.30	17.46	8.0%	14%
	Isle of Scilly	53030	52.33	20.94	1.83	22.77	8.7%	18%
	Kerrier	28233	31.71	18.28	1.25	19.53	6.8%	15%
	North Cornwall	29129	31.23	20.63	1.30	21.93	6.3%	17%
	Penwith	33461	36.69	19.49	1.40	20.89	7.2%	16%
	Restormel	29876	32.11	17.20	1.23	18.43	7.2%	15%
Devon	East Devon	37644	38.52	16.50	1.38	17.88	8.3%	14%
	Exeter	35851	34.92	14.51	1.24	15.75	8.5%	12%
	Mid Devon	31669	32.37	19.41	1.29	20.70	6.7%	16%
	North Devon	32266	33.11	18.42	1.29	19.71	7.0%	16%
	Plymouth	36150	37.82	18.29	1.40	19.69	7.7%	16%
	South Hams	28980	34.07	19.22	1.33	20.55	6.9%	16%
	Teignbridge	33611	34.61	20.49	1.38	21.87	6.7%	17%
	Torbay	34955	36.30	24.64	1.52	26.16	6.2%	21%
	Torridge	31220	33.43	20.04	1.34	21.38	6.7%	17%
	West Devon	34656	35.87	21.93	1.45	23.38	6.6%	18%
Dorset	Bournemouth	39735	40.26	23.74	1.60	25.34	6.7%	20%
	Christchurch	40034	40.64	22.08	1.57	23.65	7.1%	19%
	North Dorset	40333	39.54	18.26	1.44	19.70	7.9%	16%
	Poole	39436	39.93	21.68	1.54	23.22	7.1%	18%
	Purbeck	45860	44.59	18.66	1.58	20.24	8.5%	16%
	West Dorset	38540	39.61	18.79	1.46	20.25	7.8%	16%
	Weymouth & Portla	39884	40.22	21.12	1.53	22.65	7.3%	18%
	Wimborne	41976	43.92	22.87	1.67	24.54	7.3%	19%
Gloucs	Cheltenham	38988	39.75	17.08	1.42	18.50	8.3%	15%
	Cotswold	37494	38.95	19.62	1.46	21.08	7.5%	17%
	Forest Of Dean	30025	32.27	18.73	1.27	20.00	6.8%	16%
	Gloucester	29428	31.75	18.17	1.25	19.42	6.9%	15%
	Stroud	32266	33.25	16.76	1.25	18.01	7.5%	14%
	Tewkesbury	33909	35.74	19.24	1.37	20.61	7.1%	16%
Somerset	Mendip	31370	32.91	18.40	1.28	19.68	7.0%	16%
	Sedgemoor	29129	31.64	18.68	1.26	19.94	6.7%	16%
	South Somerset	32864	33.64	16.18	1.25	17.43	7.7%	14%
	Taunton Deane	33461	34.25	17.78	1.30	19.08	7.3%	15%
	West Somerset	32117	33.51	20.07	1.34	21.41	6.7%	17%
	Kennet	36001	35.58	20.85	1.41	22.26	6.8%	18%
Wilts	North Wiltshire	34507	36.87	18.42	1.38	19.80	7.5%	16%
	Salisbury	41080	40.86	17.12	1.45	18.57	8.5%	15%
	Thamesdown	28382	29.10	18.71	1.20	19.91	6.4%	16%
	West Wiltshire	35104	37.72	19.63	1.43	21.06	7.3%	17%
W MIDS	Bromsgrove	26536	30.95	14.64	1.14	15.78	7.8%	12%
Hf/Worcs	Hereford	30981	36.68	13.63	1.26	14.89	9.2%	12%
	Leominster	26675	31.66	17.80	1.24	19.04	6.9%	15%
	Malvern Hills	30009	35.87	21.44	1.43	22.87	6.7%	18%
	Redditch	23201	30.04	19.01	1.23	20.24	6.4%	16%
	South Herefordshi	28203	32.76	17.79	1.26	19.05	7.1%	15%
	Worcester	30981	36.20	17.85	1.35	19.20	7.6%	15%
	Wychavon	29453	34.75	16.11	1.27	17.38	7.9%	13%
	Wyre Forest	25285	32.51	19.25	1.29	20.54	6.7%	16%
Salop	Bridgnorth	26258	31.22	13.96	1.13	15.09	8.1%	12%
	North Shropshire	23896	28.95	16.97	1.15	18.12	6.8%	14%
	Oswestry	23618	28.82	16.74	1.14	17.88	6.8%	14%
	Shrewsbury & Atch	23757	29.17	16.31	1.14	17.45	7.0%	14%
	South Shropshire	26536	33.31	18.51	1.30	19.81	7.0%	15%
	The Wrekin	22229	30.24	21.78	1.30	23.08	6.0%	18%
Staffs	Cannock Chase	20284	24.94	18.94	1.10	20.04	5.8%	16%
	East Staffordshir	22923	27.31	17.74	1.13	18.87	6.3%	15%
	Lichfield	22923	27.33	15.72	1.08	16.80	6.8%	13%
	Newcastle-Under-L	22507	28.63	15.03	1.09	16.12	7.3%	13%
	South Staffordshi	23896	30.04	17.90	1.20	19.10	6.7%	15%
	Stafford	24868	30.93	15.32	1.16	16.48	7.5%	13%
	Staffs Moorlands	22507	27.05	13.83	1.02	14.85	7.4%	12%
	Stoke-On-Trent	20701	25.52	17.44	1.07	18.51	6.2%	14%
	Tamworth	20978	25.72	19.93	1.14	21.07	5.7%	16%

Warks	North Warwickshir	25563	32.15	17.07	1.23	18.30	7.2%	14%
	Nuneaton	21534	29.76	20.53	1.26	21.79	6.1%	17%
	Rugby	24174	30.35	19.36	1.24	20.60	6.4%	16%
	Stratford-On-Avon	30287	35.57	15.44	1.28	16.72	8.3%	13%
	Warwick	30148	35.93	19.41	1.38	20.79	7.1%	16%
W Mids	Birmingham	22229	32.73	18.77	1.29	20.06	6.9%	16%
	Coventry	20701	29.81	22.28	1.30	23.58	5.8%	18%
	Dudley	22368	28.38	16.35	1.12	17.47	6.8%	14%
	Sandwell	22507	28.82	17.80	1.17	18.97	6.5%	15%
	Solihull	25007	32.06	19.48	1.29	20.77	6.6%	16%
	Walsall	21673	27.73	16.84	1.11	17.95	6.6%	14%
	Wolverhampton	21673	27.80	20.89	1.22	22.11	5.8%	17%
N WEST	Chester	23653	32.71	16.16	1.22	17.38	7.6%	13%
Cheshire	Congleton	21843	30.73	16.12	1.17	17.29	7.3%	13%
	Crewe & Nantwich	17707	25.56	15.75	1.03	16.78	6.6%	13%
	Ellesmere Port	19905	27.97	11.99	1.00	12.99	8.3%	10%
	Halton	19129	27.32	17.19	1.11	18.30	6.5%	14%
	Macclesfield	25592	36.35	15.03	1.28	16.31	8.5%	12%
	Vale Royal	23524	33.69	15.74	1.24	16.98	7.9%	13%
	Warrington	20680	29.08	16.07	1.13	17.20	7.0%	13%
Lancs	Blackburn	17320	26.33	21.12	1.19	22.31	5.6%	17%
	Blackpool	21456	30.17	18.60	1.22	19.82	6.6%	15%
	Burnley	14218	21.09	17.32	0.96	18.28	5.5%	14%
	Chorley	20551	29.16	16.73	1.15	17.88	6.9%	14%
	Fylde	23653	32.21	19.50	1.29	20.79	6.6%	16%
	Hyndburn	16156	24.33	21.09	1.14	22.23	5.4%	17%
	Lancaster	20809	28.81	19.31	1.20	20.51	6.2%	16%
	Pendle	19258	27.16	20.13	1.18	21.31	5.9%	16%
	Preston	17320	25.24	19.11	1.11	20.22	5.8%	15%
	Ribble Valley	23394	31.81	19.12	1.27	20.39	6.7%	16%
	Rossendale	17449	24.89	20.50	1.13	21.63	5.5%	17%
	South Ribble	21973	32.07	19.84	1.30	21.14	6.5%	16%
	West Lancashire	20809	32.60	18.55	1.28	19.83	6.9%	15%
	Wyre	21326	29.02	17.10	1.15	18.25	6.7%	14%
G Manch	Bolton	17320	24.87	17.51	1.06	18.57	6.1%	14%
	Bury	19000	25.87	17.23	1.08	18.31	6.3%	14%
	Manchester	24170	35.65	15.63	1.28	16.91	8.2%	13%
	Oldham	12279	21.23	19.32	1.01	20.33	5.2%	16%
	Rochdale	19388	29.17	19.07	1.21	20.28	6.3%	15%
	Salford	24170	31.76	18.52	1.26	19.78	6.8%	15%
	Stockport	23524	33.04	16.85	1.25	18.10	7.4%	14%
	Tameside	20809	29.76	19.40	1.23	20.63	6.3%	16%
	Trafford	24170	34.61	17.35	1.30	18.65	7.5%	14%
	Wigan	20292	28.41	17.55	1.15	18.70	6.5%	14%
Mersyd	Knowsley	19388	29.47	22.46	1.30	23.76	5.8%	18%
	Liverpool	19646	28.93	17.34	1.16	18.50	6.7%	14%
	Sefton	21714	31.72	18.33	1.25	19.58	6.8%	15%
	St. Helens	19517	26.40	18.88	1.13	20.01	6.0%	15%
	Wirral	20551	29.17	22.67	1.30	23.97	5.7%	18%
	NORTHERN	21991	31.89	18.04	1.25	19.29	6.9%	15%
	YORKS/HUMBS	20847	28.62	17.11	1.14	18.26	6.7%	14%
	EAST MIDLANDS	23790	29.47	17.21	1.17	18.38	6.8%	14%
	EAST ANGLIA	31680	28.57	17.46	1.15	18.61	6.6%	14%
	GREATER LONDON	56893	49.68	22.52	1.80	24.32	8.0%	16%
	STH EAST+LONDON	48814	42.24	20.56	1.57	22.13	7.6%	16%
	SOUTH WEST	34707	36.28	19.10	1.38	20.48	7.2%	16%
	WEST MIDLANDS	24641	30.60	17.72	1.21	18.93	6.8%	15%
	NORTH WEST	20369	29.14	18.11	1.18	19.29	6.5%	15%
	METS	20237	28.85	18.00	1.17	19.17	6.6%	15%
	SHIRES	33082	34.21	18.56	1.32	19.88	7.1%	15%
	NATIONAL	33966	35.07	18.86	1.35	20.21	7.2%	15%
	LABOUR HELD	28783	32.91	18.32	1.28	19.60	7.0%	15%

CONSERVATIVE HELD	39211	37.44	19.68	1.43	21.11	7.4%	16%
SLD HELD	41232	39.35	18.59	1.45	20.04	7.8%	15%
OTHER	36329	35.77	18.80	1.36	20.16	7.3%	15%
NO OVERALL CONTROL	30872	33.66	18.46	1.30	19.76	7.1%	15%
LABOUR in London	53125	48.77	19.45	1.71	21.16	8.9%	14%
CONSERVATIVE in London	57726	50.75	27.03	1.94	28.97	7.3%	19%

(2) Cap Val Rents with #53 limit, first year, unsorted

Authority	average capital values for each LA (#)	CAPITAL VALUE RENT with regional rates of return 6.0% N, 5.5% YH,NW, 5.0% EM,WM, 4.25% SW, 3.5% EA,GL,SE limit =#53	Actual Weekly Rent in April 88	Rent increase implied by 2.5% move towards CAP.VAL.RENT plus 5% for INFLATION	Revised Weekly Rent Level	CASH Rent Increase in % terms	Increased Rent as a proportion of NET income
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
HACKNEY	58512	53.00	15.17	1.70	16.87	11.2%	11%
Stevenage	46761	43.31	14.30	1.44	15.74	10.1%	12%
BRENT	52612	51.77	17.10	1.72	18.82	10.1%	13%
GREENWICH	59987	53.00	18.06	1.78	19.84	9.8%	13%
HARINGEY	58512	51.89	17.80	1.74	19.54	9.8%	13%
Reigate & Banstea	56737	47.89	17.00	1.62	18.62	9.5%	14%
TOWER HAMLETS	58512	53.00	19.11	1.80	20.91	9.4%	14%
ISLINGTON	66543	53.00	19.22	1.81	21.03	9.4%	14%
Windsor & Maidenh	62816	52.54	19.43	1.80	21.23	9.3%	16%
Hereford	30981	36.68	13.63	1.26	14.89	9.2%	12%
HOUNSLOW	61299	52.95	19.71	1.82	21.53	9.2%	14%
BARKING	44089	40.69	15.15	1.40	16.55	9.2%	11%
Harlow	49255	43.09	16.10	1.48	17.58	9.2%	13%
BEXLEY	51956	48.68	18.34	1.68	20.02	9.1%	13%
St. Albans	52216	42.74	16.13	1.47	17.60	9.1%	13%
South Bucks	63127	53.00	20.07	1.83	21.90	9.1%	16%
Watford	55178	46.03	17.46	1.59	19.05	9.1%	14%
Slough	56425	48.51	18.56	1.68	20.24	9.0%	15%
Dacorum	54399	44.99	17.30	1.56	18.86	9.0%	14%
SOUTHWARK	56709	53.00	20.39	1.83	22.22	9.0%	15%
Epping Forest	55957	49.79	19.23	1.73	20.96	9.0%	16%
LEWISHAM	57201	53.00	20.65	1.84	22.49	8.9%	15%
Wycombe	54866	44.56	17.57	1.55	19.12	8.8%	14%
Welwyn Hatfield	50969	42.15	16.82	1.47	18.29	8.8%	14%
Isle of Scilly	53030	52.33	20.94	1.83	22.77	8.7%	18%
Woking	61569	51.04	20.46	1.79	22.25	8.7%	17%
Maidstone	44267	40.67	16.32	1.42	17.74	8.7%	13%
Thurrock	55490	46.89	18.85	1.64	20.49	8.7%	15%
CAMDEN	67363	53.00	21.34	1.86	23.20	8.7%	16%
Chiltern	56737	45.17	18.31	1.59	19.90	8.7%	15%
HILLINGDON	61299	52.06	21.26	1.83	23.09	8.6%	16%
Blaby	26157	31.26	12.77	1.10	13.87	8.6%	11%
Tandridge	54087	45.94	18.78	1.62	20.40	8.6%	15%
Elmbridge	64063	52.23	21.37	1.84	23.21	8.6%	17%
NEWHAM	49498	47.95	19.73	1.69	21.42	8.6%	14%
Oxford	47073	39.68	16.36	1.40	17.76	8.6%	13%
Macclesfield	25592	36.35	15.03	1.28	16.31	8.5%	12%
Broxbourne	63439	52.48	21.75	1.86	23.61	8.5%	18%
Exeter	35851	34.92	14.51	1.24	15.75	8.5%	12%
Purbeck	45860	44.59	18.66	1.58	20.24	8.5%	16%
Salisbury	41080	40.86	17.12	1.45	18.57	8.5%	15%
Runnymede	57984	50.06	21.27	1.78	23.05	8.4%	17%
Beverley	26943	33.11	14.16	1.18	15.34	8.3%	12%
Mole Valley	50658	41.68	17.83	1.49	19.32	8.3%	14%
East Devon	37644	38.52	16.50	1.38	17.88	8.3%	14%
Ellesmere Port	19905	27.97	11.99	1.00	12.99	8.3%	10%
Cheltenham	38988	39.75	17.08	1.42	18.50	8.3%	15%
WALTHAM FOREST	48187	45.89	19.76	1.64	21.40	8.3%	14%
[redacted]VERING	61299	51.87	22.49	1.86	24.35	8.3%	16%
[redacted]atford-On-Avon	30287	35.57	15.44	1.28	16.72	8.3%	13%
Wansdyke	34208	37.11	16.11	1.33	17.44	8.3%	14%
RICHMOND UPON THA	62774	53.00	23.02	1.90	24.92	8.3%	17%
Three Rivers	52216	44.45	19.33	1.59	20.92	8.2%	16%

Hart	57204	45.84	19.95	1.64	21.59	8.2%	16%
East Hertfordshir	52372	44.02	19.16	1.58	20.74	8.2%	15%
Crawley	55646	44.77	19.53	1.61	21.14	8.2%	16%
Vale Of White Hor	47696	40.39	17.62	1.45	19.07	8.2%	14%
Waverley	59386	47.78	20.90	1.72	22.62	8.2%	17%
Manchester	24170	35.65	15.63	1.28	16.91	8.2%	13%
South Lakeland	29469	40.67	17.87	1.46	19.33	8.2%	15%
Carlisle	21068	30.02	13.25	1.08	14.33	8.2%	11%
Craven	26979	40.22	17.78	1.45	19.23	8.2%	15%
South Oxfordshire	50969	43.82	19.53	1.58	21.11	8.1%	16%
Bridgnorth	26258	31.22	13.96	1.13	15.09	8.1%	12%
Lincoln	32868	37.75	16.89	1.37	18.26	8.1%	14%
Bracknell	55646	45.60	20.41	1.65	22.06	8.1%	16%
Carrick	27038	35.86	16.16	1.30	17.46	8.0%	14%
Aylesbury Vale	46293	38.13	17.24	1.38	18.62	8.0%	14%
North Hertfordshi	46293	38.56	17.44	1.40	18.84	8.0%	14%
Kingswood	33162	34.90	15.80	1.27	17.07	8.0%	13%
Wansbeck	26842	36.98	16.80	1.34	18.14	8.0%	14%
Gravesham	42553	36.92	16.81	1.34	18.15	8.0%	14%
Sevenoaks	51437	43.24	19.72	1.57	21.29	8.0%	16%
CITY OF LONDON	108502	53.00	24.26	1.93	26.19	8.0%	18%
York	23569	29.99	13.83	1.10	14.93	7.9%	11%
North Dorset	40333	39.54	18.26	1.44	19.70	7.9%	16%
Wychavon	29453	34.75	16.11	1.27	17.38	7.9%	13%
Newbury	51593	42.01	19.51	1.54	21.05	7.9%	16%
KINGSTON UPON THA	58348	51.14	23.78	1.87	25.65	7.9%	17%
Vale Royal	23524	33.69	15.74	1.24	16.98	7.9%	13%
Horsham	53308	44.17	20.67	1.62	22.29	7.8%	17%
Charnwood	25610	33.06	15.52	1.21	16.73	7.8%	13%
Rother	37565	34.54	16.28	1.27	17.55	7.8%	13%
Mid Bedfordshire	40682	34.37	16.22	1.26	17.48	7.8%	13%
Uttlesford	46761	41.35	19.55	1.52	21.07	7.8%	16%
Bromsgrove	26536	30.95	14.64	1.14	15.78	7.8%	12%
West Dorset	38540	39.61	18.79	1.46	20.25	7.8%	16%
North Tyneside	21462	31.64	15.02	1.17	16.19	7.8%	12%
Tonbridge & Malli	48008	39.93	19.09	1.48	20.57	7.7%	15%
Teesdale	24886	33.27	15.93	1.23	17.16	7.7%	13%
South Somerset	32864	33.64	16.18	1.25	17.43	7.7%	14%
Oadby & Wigston	26979	30.05	14.48	1.11	15.59	7.7%	12%
Plymouth	36150	37.82	18.29	1.40	19.69	7.7%	16%
Rushmoor	50658	45.13	21.86	1.67	23.53	7.7%	18%
HARROW	61299	52.50	25.46	1.95	27.41	7.7%	18%
SUTTON	56382	48.80	23.67	1.81	25.48	7.7%	17%
Mid Sussex	50658	42.07	20.41	1.56	21.97	7.7%	16%
Guildford	52684	43.89	21.30	1.63	22.93	7.7%	17%
Eden	26884	35.65	17.32	1.32	18.64	7.6%	14%
Corby	25896	32.15	15.63	1.19	16.82	7.6%	13%
Bath	38092	40.48	19.72	1.51	21.23	7.6%	17%
Rutland	26568	30.94	15.08	1.15	16.23	7.6%	13%
CROYDON	60151	51.95	25.33	1.93	27.26	7.6%	18%
Tynedale	21364	31.52	15.47	1.17	16.64	7.6%	13%
Adur	44423	38.71	19.03	1.44	20.47	7.6%	15%
Worcester	30981	36.20	17.85	1.35	19.20	7.6%	15%
Spelthorne	56113	48.74	24.04	1.82	25.86	7.6%	19%
Chester	23653	32.71	16.16	1.22	17.38	7.6%	13%
Epsom & Ewell	50658	44.27	21.88	1.65	23.53	7.6%	18%
Surrey Heath	51905	44.43	21.97	1.66	23.63	7.6%	18%
East Hampshire	48008	42.66	21.10	1.59	22.69	7.6%	17%
Stafford	24868	30.93	15.32	1.16	16.48	7.5%	13%
Basingstoke	48320	41.57	20.70	1.56	22.26	7.5%	17%
ENFIELD	61463	50.52	25.16	1.89	27.05	7.5%	18%
[illegible]th Wiltshire	34507	36.87	18.42	1.38	19.80	7.5%	16%
[illegible]wark & Sherwood	23966	32.54	16.27	1.22	17.49	7.5%	14%
South Cambridgesh	38849	34.02	17.02	1.28	18.30	7.5%	14%
Winchester	49567	41.51	20.80	1.56	22.36	7.5%	17%
Trafford	24170	34.61	17.35	1.30	18.65	7.5%	14%

Wokingham	44891	41.74	20.99	1.57	22.56	7.5%	17%
Cotswold	37494	38.95	19.62	1.46	21.08	7.5%	17%
Stroud	32266	33.25	16.76	1.25	18.01	7.5%	14%
Tunbridge Wells	43799	36.48	18.39	1.37	19.76	7.5%	15%
Darlington	21594	31.37	15.97	1.18	17.15	7.4%	13%
Stockport	23524	33.04	16.85	1.25	18.10	7.4%	14%
HAMMERSMITH	63102	53.00	27.06	2.00	29.06	7.4%	20%
Lewes	43644	39.21	20.04	1.48	21.52	7.4%	16%
Staffs Moorlands	22507	27.05	13.83	1.02	14.85	7.4%	12%
Doncaster	19880	28.07	14.37	1.06	15.43	7.4%	12%
Dartford	48631	40.63	20.82	1.54	22.36	7.4%	17%
Northavon	33013	36.16	18.56	1.37	19.93	7.4%	16%
South Bedfordshir	42085	40.16	20.63	1.52	22.15	7.4%	17%
Copeland	22102	33.54	17.23	1.27	18.50	7.4%	14%
West Oxfordshire	43332	36.23	18.67	1.37	20.04	7.4%	15%
Cherwell	40370	33.79	17.43	1.28	18.71	7.3%	14%
Blyth Valley	25473	35.51	18.33	1.35	19.68	7.3%	15%
Harrogate	25939	33.22	17.16	1.26	18.42	7.3%	14%
Scarborough	23701	31.48	16.29	1.19	17.48	7.3%	13%
Taunton Deane	33461	34.25	17.78	1.30	19.08	7.3%	15%
St. Edmundsbury	32473	28.21	14.65	1.07	15.72	7.3%	12%
Hertsmere	43799	39.46	20.52	1.50	22.02	7.3%	16%
West Wiltshire	35104	37.72	19.63	1.43	21.06	7.3%	17%
Derbyshire Dales	28760	33.95	17.67	1.29	18.96	7.3%	15%
Chichester	47696	40.04	20.84	1.52	22.36	7.3%	17%
Wimborne	41976	43.92	22.87	1.67	24.54	7.3%	19%
East Northants	23411	28.77	15.00	1.09	16.09	7.3%	12%
Harborough	27801	34.62	18.11	1.32	19.43	7.3%	15%
Congleton	21843	30.73	16.12	1.17	17.29	7.3%	13%
Newcastle-Under-L	22507	28.63	15.03	1.09	16.12	7.3%	13%
Gateshead	23437	36.00	18.90	1.37	20.27	7.3%	15%
Weymouth & Portla	39884	40.22	21.12	1.53	22.65	7.3%	18%
Basildon	41617	39.76	20.89	1.52	22.41	7.3%	17%
BARNET	56546	49.33	26.07	1.89	27.96	7.2%	19%
Rushcliffe	26842	33.66	17.82	1.29	19.11	7.2%	15%
North Warwickshir	25563	32.15	17.07	1.23	18.30	7.2%	14%
Barrow-in-Furness	25204	36.14	19.19	1.38	20.57	7.2%	16%
Penwith	33461	36.69	19.49	1.40	20.89	7.2%	16%
Brighton	44111	40.41	21.52	1.55	23.07	7.2%	17%
Bristol	28830	31.78	16.94	1.22	18.16	7.2%	14%
Suffolk Coastal	36625	30.61	16.34	1.17	17.51	7.2%	13%
Berwick-Upon-Twee	22049	29.45	15.72	1.13	16.85	7.2%	13%
Chelmsford	42085	33.91	18.16	1.30	19.46	7.2%	15%
Restormel	29876	32.11	17.20	1.23	18.43	7.2%	15%
WESTMINSTER	52448	53.00	28.41	2.04	30.45	7.2%	20%
South Tyneside	21462	30.35	16.28	1.17	17.45	7.2%	13%
LAMBETH	19996	34.80	18.69	1.34	20.03	7.2%	13%
Hastings	37876	34.57	18.58	1.33	19.91	7.2%	15%
Braintree	40682	33.96	18.26	1.31	19.57	7.1%	15%
Tewkesbury	33909	35.74	19.24	1.37	20.61	7.1%	16%
Cambridge	41963	33.95	18.31	1.31	19.62	7.1%	15%
Warwick	30148	35.93	19.41	1.38	20.79	7.1%	16%
Brentwood	42085	38.39	20.74	1.48	22.22	7.1%	17%
REDBRIDGE	53595	50.22	27.18	1.94	29.12	7.1%	20%
South Holland	25747	33.16	17.98	1.28	19.26	7.1%	15%
Poole	39436	39.93	21.68	1.54	23.22	7.1%	18%
South Herefordshi	28203	32.76	17.79	1.26	19.05	7.1%	15%
Christchurch	40034	40.64	22.08	1.57	23.65	7.1%	19%
Thanet	35382	33.82	18.38	1.31	19.69	7.1%	15%
Rotherham	18441	26.77	14.55	1.03	15.58	7.1%	12%
Northampton	25896	33.67	18.37	1.30	19.67	7.1%	15%
uth Kesteven	25747	32.01	17.49	1.24	18.73	7.1%	15%
aradon	34955	35.71	19.53	1.38	20.91	7.1%	16%
High Peak	25884	32.75	17.93	1.27	19.20	7.1%	15%
Reading	40526	35.14	19.30	1.36	20.66	7.1%	15%
Alnwick	25242	34.79	19.15	1.35	20.50	7.0%	16%

Warrington	20680	29.08	16.07	1.13	17.20	7.0%	13%
Amber Valley	23145	29.57	16.35	1.15	17.50	7.0%	14%
Selby	23174	30.93	17.13	1.20	18.33	7.0%	14%
Erewash	23829	28.85	16.00	1.12	17.12	7.0%	13%
Melton	25747	31.43	17.44	1.22	18.66	7.0%	14%
Wakefield	21973	28.86	16.03	1.12	17.15	7.0%	13%
BROMLEY	53759	48.13	26.74	1.87	28.61	7.0%	19%
South Shropshire	26536	33.31	18.51	1.30	19.81	7.0%	15%
North Devon	32266	33.11	18.42	1.29	19.71	7.0%	16%
Maldon	40682	34.71	19.33	1.35	20.68	7.0%	15%
Mendip	31370	32.91	18.40	1.28	19.68	7.0%	16%
Shrewsbury & Atch	23757	29.17	16.31	1.14	17.45	7.0%	14%
Milton Keynes	37409	33.63	18.85	1.31	20.16	7.0%	15%
Holderness	22365	30.17	16.93	1.18	18.11	7.0%	14%
Gosport	39903	34.42	19.32	1.34	20.66	7.0%	15%
East Lindsey	24514	30.59	17.19	1.19	18.38	6.9%	14%
Leominster	26675	31.66	17.80	1.24	19.04	6.9%	15%
Eastleigh	40838	36.45	20.51	1.42	21.93	6.9%	16%
Eastbourne	41929	37.09	20.89	1.45	22.34	6.9%	17%
South Hams	28980	34.07	19.22	1.33	20.55	6.9%	16%
Allerdale	25204	33.99	19.18	1.33	20.51	6.9%	16%
Luton	42085	36.56	20.66	1.43	22.09	6.9%	16%
West Lancashire	20809	32.60	18.55	1.28	19.83	6.9%	15%
Ipswich	35291	31.11	17.71	1.22	18.93	6.9%	15%
Great Yarmouth	32770	28.58	16.30	1.12	17.42	6.9%	13%
Fareham	40214	36.17	20.66	1.42	22.08	6.9%	16%
Gloucester	29428	31.75	18.17	1.25	19.42	6.9%	15%
Birmingham	22229	32.73	18.77	1.29	20.06	6.9%	16%
Huntingdonshire	32473	29.99	17.20	1.18	18.38	6.9%	14%
Barnsley	19488	27.77	15.93	1.09	17.02	6.9%	13%
Chorley	20551	29.16	16.73	1.15	17.88	6.9%	14%
South Wight	43332	35.40	20.32	1.39	21.71	6.9%	16%
Daventry	24981	29.83	17.15	1.17	18.32	6.8%	14%
Lichfield	22923	27.33	15.72	1.08	16.80	6.8%	13%
Dudley	22368	28.38	16.35	1.12	17.47	6.8%	14%
Kerrier	28233	31.71	18.28	1.25	19.53	6.8%	15%
North West Leices	26431	31.24	18.02	1.23	19.25	6.8%	15%
Sunderland	16195	25.53	14.73	1.01	15.74	6.8%	12%
Sefton	21714	31.72	18.33	1.25	19.58	6.8%	15%
Rochford	43332	38.38	22.22	1.51	23.73	6.8%	18%
Hambleton	22323	28.97	16.78	1.14	17.92	6.8%	14%
Chester-Le-Street	23174	33.43	19.39	1.32	20.71	6.8%	16%
Forest Of Dean	30025	32.27	18.73	1.27	20.00	6.8%	16%
Oswestry	23618	28.82	16.74	1.14	17.88	6.8%	14%
Salford	24170	31.76	18.52	1.26	19.78	6.8%	15%
Havant	42708	37.77	22.06	1.50	23.56	6.8%	18%
New Forest	46917	38.41	22.48	1.52	24.00	6.8%	18%
Kennet	36001	35.58	20.85	1.41	22.26	6.8%	18%
North Shropshire	23896	28.95	16.97	1.15	18.12	6.8%	14%
Babergh	31139	29.55	17.35	1.17	18.52	6.8%	14%
South Northants	19488	25.52	15.00	1.01	16.01	6.8%	12%
Gedling	25199	29.35	17.26	1.17	18.43	6.8%	14%
Wyre	21326	29.02	17.10	1.15	18.25	6.7%	14%
Bournemouth	39735	40.26	23.74	1.60	25.34	6.7%	20%
Sedgemoor	29129	31.64	18.68	1.26	19.94	6.7%	16%
Newcastle upon Ty	21067	33.45	19.76	1.33	21.09	6.7%	16%
Chesterfield	23145	28.25	16.71	1.12	17.83	6.7%	14%
Kingston upon Hul	22757	29.65	17.55	1.18	18.73	6.7%	14%
Durham	20672	30.07	17.80	1.20	19.00	6.7%	14%
Teignbridge	33611	34.61	20.49	1.38	21.87	6.7%	17%
Wyre Forest	25285	32.51	19.25	1.29	20.54	6.7%	16%
[illegible]rest Heath	34253	29.35	17.44	1.17	18.61	6.7%	14%
[illegible]st Yorkshire	24327	32.35	19.26	1.29	20.55	6.7%	16%
South Staffordshi	23896	30.04	17.90	1.20	19.10	6.7%	15%
North East Derbys	23282	29.27	17.48	1.17	18.65	6.7%	14%
Malvern Hills	30009	35.87	21.44	1.43	22.87	6.7%	18%

Broadland	33660	28.58	17.10	1.14	18.24	6.7%	14%
West Somerset	32117	33.51	20.07	1.34	21.41	6.7%	17%
Hove	40526	35.94	21.54	1.44	22.98	6.7%	17%
Liverpool	19646	28.93	17.34	1.16	18.50	6.7%	14%
Torridge	31220	33.43	20.04	1.34	21.38	6.7%	17%
Mid Devon	31669	32.37	19.41	1.29	20.70	6.7%	16%
Castle Morpeth	23829	32.17	19.30	1.29	20.59	6.7%	16%
Ribble Valley	23394	31.81	19.12	1.27	20.39	6.7%	16%
Richmondshire	25017	33.13	20.02	1.33	21.35	6.6%	16%
Fylde	23653	32.21	19.50	1.29	20.79	6.6%	16%
Walsall	21673	27.73	16.84	1.11	17.95	6.6%	14%
Solihull	25007	32.06	19.48	1.29	20.77	6.6%	16%
Boston	21775	26.69	16.22	1.07	17.29	6.6%	13%
Bassetlaw	19584	26.02	15.87	1.05	16.92	6.6%	13%
West Devon	34656	35.87	21.93	1.45	23.38	6.6%	18%
North Bedfordshir	35071	30.50	18.77	1.23	20.00	6.6%	15%
Crewe & Nantwich	17707	25.56	15.75	1.03	16.78	6.6%	13%
Blackpool	21456	30.17	18.60	1.22	19.82	6.6%	15%
Derwentside	20146	28.69	17.70	1.16	18.86	6.6%	14%
Sandwell	22507	28.82	17.80	1.17	18.97	6.5%	15%
Wigan	20292	28.41	17.55	1.15	18.70	6.5%	14%
Test Valley	43176	37.29	23.04	1.51	24.55	6.5%	18%
South Ribble	21973	32.07	19.84	1.30	21.14	6.5%	16%
Swale	34759	31.19	19.36	1.26	20.62	6.5%	15%
Southampton	35850	32.00	19.86	1.30	21.16	6.5%	16%
North Norfolk	31435	27.57	17.12	1.12	18.24	6.5%	14%
Rochester-o-Medwa	37876	35.01	21.76	1.42	23.18	6.5%	17%
MERTON	36222	37.49	23.42	1.52	24.94	6.5%	17%
Dover	35538	32.60	20.49	1.33	21.82	6.5%	16%
Portsmouth	38656	35.55	22.36	1.45	23.81	6.5%	18%
Halton	19129	27.32	17.19	1.11	18.30	6.5%	14%
Canterbury	34603	31.77	20.02	1.29	21.31	6.5%	16%
Langbaurgh	20409	31.79	20.05	1.30	21.35	6.5%	16%
Sedgefield	18039	29.73	18.78	1.21	19.99	6.5%	15%
Wellingborough	25635	29.99	18.95	1.22	20.17	6.5%	16%
Redditch	23201	30.04	19.01	1.23	20.24	6.4%	16%
Glanford	17657	23.59	14.94	0.96	15.90	6.4%	12%
Ryedale	21462	27.80	17.62	1.14	18.76	6.4%	14%
Wealden	42085	35.68	22.64	1.46	24.10	6.4%	18%
West Lindsey	21364	27.81	17.66	1.14	18.80	6.4%	15%
EALING	33272	34.61	21.99	1.42	23.41	6.4%	16%
Rugby	24174	30.35	19.36	1.24	20.60	6.4%	16%
Colchester	33356	29.88	19.11	1.22	20.33	6.4%	15%
Thamesdown	28382	29.10	18.71	1.20	19.91	6.4%	16%
WANDSWORTH	49498	50.17	32.27	2.06	34.33	6.4%	23%
Kettering	25112	31.05	20.10	1.28	21.38	6.4%	17%
North Kesteven	23282	28.59	18.53	1.18	19.71	6.4%	15%
East Staffordshir	22923	27.31	17.74	1.13	18.87	6.3%	15%
Norwich	34253	29.94	19.48	1.24	20.72	6.3%	16%
Bolsover	21912	28.12	18.30	1.16	19.46	6.3%	15%
Tameside	20809	29.76	19.40	1.23	20.63	6.3%	16%
Rochdale	19388	29.17	19.07	1.21	20.28	6.3%	15%
Kings Lynn & W.N.	24318	24.47	16.05	1.01	17.06	6.3%	13%
Breckland	27135	26.48	17.38	1.10	18.48	6.3%	14%
East Cambridgeshi	30991	27.42	18.09	1.14	19.23	6.3%	15%
South Derbyshire	22323	26.82	17.71	1.11	18.82	6.3%	15%
Broxtowe	25062	30.13	19.90	1.25	21.15	6.3%	16%
North Cornwall	29129	31.23	20.63	1.30	21.93	6.3%	17%
Castle Point	35071	31.79	21.05	1.32	22.37	6.3%	17%
Bury	19000	25.87	17.23	1.08	18.31	6.3%	14%
KENSINGTON & CHEL	76541	53.00	35.30	2.21	37.51	6.3%	25%
[illegible]othferry	18441	26.01	17.36	1.08	18.44	6.2%	14%
[illegible]nland	22539	23.08	15.42	0.96	16.38	6.2%	13%
Wear Valley	18697	27.30	18.24	1.14	19.38	6.2%	15%
Lancaster	20809	28.81	19.31	1.20	20.51	6.2%	16%
South Norfolk	30842	29.35	19.68	1.23	20.91	6.2%	16%

Arun	35538	34.11	23.03	1.43	24.46	6.2%	18%
Torbay	34955	36.30	24.64	1.52	26.16	6.2%	21%
Cleethorpes	19226	27.03	18.42	1.14	19.56	6.2%	15%
Stoke-On-Trent	20701	25.52	17.44	1.07	18.51	6.2%	14%
Nuneaton	21534	29.76	20.53	1.26	21.79	6.1%	17%
Southend-On-Sea	40994	35.82	24.78	1.51	26.29	6.1%	20%
Scunthorpe	17526	26.24	18.18	1.11	19.29	6.1%	15%
Nottingham	22597	27.37	19.01	1.16	20.17	6.1%	16%
Peterborough	24170	25.11	17.56	1.07	18.63	6.1%	14%
Woodspring	29278	31.40	22.05	1.34	23.39	6.1%	18%
Bolton	17320	24.87	17.51	1.06	18.57	6.1%	14%
Ashford	37097	32.20	22.93	1.38	24.31	6.0%	18%
St. Helens	19517	26.40	18.88	1.13	20.01	6.0%	15%
Waveney	27877	26.19	18.78	1.12	19.90	6.0%	15%
Shepway	38032	33.44	24.03	1.44	25.47	6.0%	19%
The Wrekin	22229	30.24	21.78	1.30	23.08	6.0%	18%
Easington	16722	27.71	19.96	1.19	21.15	6.0%	16%
Derby	17667	22.32	16.10	0.96	17.06	6.0%	13%
Mid Suffolk	30546	27.84	20.18	1.20	21.38	5.9%	16%
Great Grimsby	17787	25.96	18.86	1.12	19.98	5.9%	15%
Calderdale	16349	25.39	18.53	1.10	19.63	5.9%	15%
Hartlepool	19751	28.40	20.89	1.23	22.12	5.9%	17%
Tendring	30395	26.65	19.71	1.16	20.87	5.9%	16%
Pendle	19258	27.16	20.13	1.18	21.31	5.9%	16%
Kirklees	17395	24.35	18.06	1.06	19.12	5.9%	15%
Stockton-On-Tees	17644	27.37	20.38	1.19	21.57	5.9%	16%
Coventry	20701	29.81	22.28	1.30	23.58	5.8%	18%
Wolverhampton	21673	27.80	20.89	1.22	22.11	5.8%	17%
Bradford	17003	24.93	18.73	1.09	19.82	5.8%	15%
Leeds	11510	19.52	14.74	0.86	15.60	5.8%	12%
Preston	17320	25.24	19.11	1.11	20.22	5.8%	15%
Sheffield	20796	28.66	21.73	1.26	22.99	5.8%	18%
Cannock Chase	20284	24.94	18.94	1.10	20.04	5.8%	16%
Knowsley	19388	29.47	22.46	1.30	23.76	5.8%	18%
Medina	33200	30.92	23.69	1.37	25.06	5.8%	19%
Tamworth	20978	25.72	19.93	1.14	21.07	5.7%	16%
Wirral	20551	29.17	22.67	1.30	23.97	5.7%	18%
Mansfield	18077	24.63	19.36	1.10	20.46	5.7%	16%
Gillingham	34759	30.47	23.97	1.36	25.33	5.7%	19%
Blackburn	17320	26.33	21.12	1.19	22.31	5.6%	17%
Leicester	20953	26.14	21.17	1.18	22.35	5.6%	17%
Ashfield	15338	20.25	16.46	0.92	17.38	5.6%	13%
Burnley	14218	21.09	17.32	0.96	18.28	5.5%	14%
Rossendale	17449	24.89	20.50	1.13	21.63	5.5%	17%
Worthing	25874	27.06	23.21	1.26	24.47	5.4%	18%
Hyndburn	16156	24.33	21.09	1.14	22.23	5.4%	17%
Middlesborough	17644	28.16	24.57	1.32	25.89	5.4%	20%
Oldham	12279	21.23	19.32	1.01	20.33	5.2%	16%
Hinckley & Boswor	13010	18.79	17.45	0.91	18.36	5.2%	14%
NORTHERN	21991	31.89	18.04	1.25	19.29	6.9%	15%
YORKS/HUMBS	20847	28.62	17.11	1.14	18.26	6.7%	14%
EAST MIDLANDS	23790	29.47	17.21	1.17	18.38	6.8%	14%
EAST ANGLIA	31680	28.57	17.46	1.15	18.61	6.6%	14%
GREATER LONDON	56893	49.68	22.52	1.80	24.32	8.0%	16%
STH EAST+LONDON	48814	42.24	20.56	1.57	22.13	7.6%	16%
SOUTH WEST	34707	36.28	19.10	1.38	20.48	7.2%	16%
WEST MIDLANDS	24641	30.60	17.72	1.21	18.93	6.8%	15%
NORTH WEST	20369	29.14	18.11	1.18	19.29	6.5%	15%
METS	20237	28.85	18.00	1.17	19.17	6.6%	15%
SHIRES	33082	34.21	18.56	1.32	19.88	7.1%	15%
NATIONAL	33966	35.07	18.86	1.35	20.21	7.2%	15%
LABOUR HELD	28783	32.91	18.32	1.28	19.60	7.0%	15%

CONSERVATIVE HELD	39211	37.44	19.68	1.43	21.11	7.4%	16%
SLD HELD	41232	39.35	18.59	1.45	20.04	7.8%	15%
OTHER	36329	35.77	18.80	1.36	20.16	7.3%	15%
NO OVERALL CONTROL	30872	33.66	18.46	1.30	19.76	7.1%	15%
LABOUR in London	53125	48.77	19.45	1.71	21.16	8.9%	14%
CONSERVATIVE in London	57726	50.75	27.03	1.94	28.97	7.3%	19%

cc PUA
File

CONFIDENTIAL

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

NBPM will
Treasury respond.
PREG
8/2

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1P 3AG

8 February 1989

Dear John

PRIVATISATION OF COUNCIL HOUSING: TERMS OF SALE

I have been reconsidering the terms of sale which we expect authorities to adopt when making large scale disposals of tenanted council housing.

You will recall that our guidelines, issued in June, said that authorities should obtain tenanted market value, with allowance for catching up repairs, when selling their housing.

In putting their proposals to tenants, councils are finding that tenants can have anxieties aroused all too easily, whilst the council has few positive benefits to offer in support of the disposal. Its message is usually that the advantage of transferring from council ownership is to avoid rent rises and expenditure reductions which the Government might impose in the future. As a result, although two authorities have obtained strong support from tenants for a disposal, three others have faced a clear rejection. There are signs that some authorities are being discouraged from pursuing privatistion by these results. I feel that authorities need scope to offer a more attractive package to tenants, if the momentum for these kinds of disposal is not to be lost.

The position is well illlustrated by Gloucester City Council's proposal to sell its housing to North Housing Association. There has been very strong opposition from tenants. Partly to meet this opposition, the Council wishes to limit its net receipt from the Association to £21.4m, which our Valuation Office advisers believe is only about 70%-75% of tenanted market value. Both Gloucester and North are convinced, however, that it is necessary to settle on such a figure to ensure that there is sufficient scope for carrying out a major programme of improvements which might win the tenants' support.

CONFIDENTIAL

I would therefore like to relax our requirements on the terms of sale so that authorities can make the prospect of transfer to another landlord more attractive. I do not wish to depart from the principle of tenanted market value. But I do wish councils to be free to make grants to purchasers which would allow a larger or more rapid programme of improvements than would have been possible at tenanted market value. I have in mind placing a limit on the scale of such assistance of, possibly, £1,500 per property. The cost would be borne entirely by the local authorities; there would be no specific Exchequer grant toward any extra assistance of this kind which a council wished to offer. The attached note describes the proposal more fully.

My officals have discussed this issue with yours, who foresaw difficulty in accepting my proposals. I do believe, however, that they are necessary to help us to keep up the momentum for voluntary disposals.

I am copying this letter to the Prime Minister, John Moore, Malcolm Rifkind, Peter Walker and to Sir Robin Butler.

NICHOLAS RIDLEY

PRIVATISTION OF COUNCIL HOUSING
Terms of Sale

The Secretary of State for the Environment wishes to modify the terms on which it would be acceptable for local authorities to make large scale disposals of tenanted council housing to private bodies.

The current approach is set out in paragraph 13 of the Department's guidelines for councils, issued with Treasury agreement in June 1988. It says that "sales should take place at market value subject to tenancy with an allowance for any backlog of repairs which will need to be tackled".

The proposal is that this guideline should be retained, as the determinant of the selling price (the "full price"). But authorities should, if they wish, be allowed to make limited grants to the purchaser to enable him to carry out more improvements on the property, or to carry them out more quickly, than would otherwise have been possible.

Such grants would be given by the local authority under its powers in Part III of the Local Government Act 1988, and would require the Secretary of State's consent. It would be a condition of the consent that the grant could be given only in connection with improvement works. There would also be an upper limit on the amount of grant; we propose £1,500.

The giving of grants would not affect the obligation on authorities to redeem debt, nor on their entitlement to Residual Debt Subsidy. Authorities will continue to be required to apply the "full price" sale proceeds to the redemption of debt outstanding on the property. Similarly, any entitlement to Residual Debt Subsidy will be based on the "full price", with no allowance for any grant which may be given.

The proposal also means that the "full price" sale proceeds are counted as a capital receipt to the local authority, with any capital grant scoring as capital expenditure. It will be for the authority to find adequate prescribed expenditure cover; it is not intended to give authorities additional allocations for this purpose. Under the provisions for a new capital finance system contained in the Local Government and Housing Bill now before Parliament, the amount to be set aside for credit liabilities from the sale proceeds would again be based on the "full price". If the authority prefers to give a revenue grant, perhaps towards the debt charges on improvement works, that will count as revenue expenditure.

Gloucester

In the particular case of Gloucester, the proposal would mean:

- housing sold to North HA at full tenanted market value of about £30m

- grant from City Council to North Housing Association up to £1,500 per property, totalling about £9m

- hence, net cost to North HA, about £21m

(The Valuation Office think that if a figure of £30m was put forward as tenanted market value they would not advise the Secretary of State against it, but it will be for the City Council to put forward and substantiate their figure).

CCPU

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1

NBPM will
Treasury respond.
But B/F Friday morning
in any event.
P.

8 February 1989

Dear John

PRIVATISATION OF SEVENOAKS DC'S HOUSING

Sevenoaks District Council has applied to me for consent to sell its entire council housing stock to the newly-formed West Kent Housing Association. The proposal has strong support from tenants and I am keen to give my consent. I seek your agreement.

The proposal from Sevenoaks Council is fully in accord with our agreed guidelines. In a ballot of tenants, 80% voted, of whom 85% were in favour. Sevenoaks would be an ideal example of the successful privatisation of a council's housing.

The one remaining difficulty is its possible potential cost for public expenditure and to the Exchequer. Our figures are inevitably guesses - at best speculative estimates. They suggest that although there are public expenditure savings over the first 7 years after the sale, there could be a cost of some £50m over 30 years. The cost to the Exchequer could be similar. In the light of this financial crystal gazing, I recognise that your officials have reservations about the proposal.

I believe we must take a broader view of how disposals of this kind will help to achieve our policy objectives. They immediately subject the (former) council housing to commercial disciplines in a way we can only try to simulate while the property remains in local authority hands. They also remove a major part of a local authority's direct provision of services at a stroke, leaving the council with only the facilitating role. They provide savings over the lifetime of this Parliament and the next - which is enough for me!

Sevenoaks fits extremely well with our broader strategy for the disengagement of the public sector from those activities which can

be carried out in the private sector. I think that I should give them consent. I am bound to say that it would be exceedingly difficult if not impossible now to turn down Sevenoaks' proposal after they have complied with our guidelines and have won such strong support from their tenants. Sevenoaks need our decision by mid-February, if they are to finalise details of the disposal and, as we understand, if the housing association is to avoid financial penalties on the arrangements it has made to raise funds.

I am copying this letter to the Prime Minister and to John Moore.

NICHOLAS RIDLEY



CONFIDENTIAL

fuie MJ

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

6 February 1989

Dear Roger,

HOMELESSNESS: FURTHER PROPOSALS

The Prime Minister has seen your Secretary of State's letter of 24 January, attaching a draft E(LF) paper, and the subsequent comments from colleagues.

The Prime Minister recalls that, last year, arrangements were made for funds to be provided for Mother Theresa's order to help with their work for the homeless. The Prime Minister continues to see great attraction in this sort of approach to easing the problem of homeless young people. She would be grateful if your Secretary of State could include in his paper an assessment of the scope for bringing empty housing under similar sympathetic supervision in the voluntary sector.

I am copying this letter to Gill Littlehales (Department of Social Security), Tom Jeffery (Department of Education and Science), Carys Evans (Chief Secretary's office), Andy McKeon (Department of Health) and Sir Robin Butler.

Yours,
Paul

Paul Gray

Roger Bright Esq
Department of the Environment

CONFIDENTIAL

cst.ps/6jm3.2/drft

CONFIDENTIAL

D

D

cc PU

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Nicholas Ridley MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW13EB

3rd February 1989

Dear Nick,

HOMELESSNESS: FURTHER PROPOSALS

(at flag.)

Thank you for copying to me your letter of 24 January to John Moore. I have now also seen John's reply.

I welcome generally your proposals for increasing the efficiency of the use of existing housing stock. In particular, it seems sensible that local authorities should put the homeless first in their allocation of housing, and that cooperation at local level between local authorities and housing associations should be encouraged.

I am also content with your proposals on improved mobility. But I would want to listen to the views on use of Government empty dwellings of the Departments most closely concerned. I also want to be clear that any arrangements on the lines you have in mind should not impede the disposal of surplus dwellings. I should be grateful if your officials would keep mine in touch with the discussion of amalgamation of the three mobility bodies, and the public expenditure and manpower savings likely to flow from it.

In addition I would in principle welcome the targeting of existing provision for investment in housing on authorities with the most significant homelessness problems. However, I note that you wish to make available provision from within existing resources and I should stress that my agreement to what you propose must be conditional upon there being no question of increasing provision for your, or other, programmes to cover the cost. Perhaps your officials could get in touch with mine about your proposals for switching resources in 1989-90. Clearly, I would need to be convinced that any savings which might be used to provide for homelessness investment could in fact be guaranteed. For future years, it is open to you to look again at resource levels in considering your position prior to the forthcoming Survey. But we must be agreed that none of the proposals in your paper would require additional provision of themselves.

CONFIDENTIAL

Finally, I am content with the changes you propose to the Code of Guidance for local authorities dealing with homelessness.

I am copying this letter to the Prime Minister, Kenneth Baker, John Moore and Kenneth Clarke, and to Sir Robin Butler.

Yours Ever, John

JOHN MAJOR

Housing Pt 14 Housing Policy.



A

PRIME MINISTER

HOMELESSNESS

You will recall that at last November's meeting of E(LF) you commissioned further work on possible measures to combat homelessness.

You may like over the weekend to glance at the work in progress.

Mr. Ridley's letter of 24 January (Flag A) attaches a draft of a paper for the next meeting of E(LF). He sets out a range of measures, principally designed to increase the supply of housing. But he also flags up the need, as he sees it, also to look at the social security aspects of the homelessness problem.

John Moore (Flag B) has picked up this last point, but resists action to undertake a substantial review of benefit levels. He is supported in this by the Policy Unit (Flag C). John Moore also suggests the need for the E(LF) paper to provide a fuller analysis of the basic underlying problem of the mismatch of supply and demand according to housing need.

Other comments attached are from John Major (Flag D), Kenneth Clarke (Flag E) and Kenneth Baker (Flag F).

Are you content to wait for Nicholas Ridley's paper (revised in the light of comments from colleagues) to come to E(LF) before intervening?

No

Or

Do you want to feed in any comments at this stage?

Some time ago Mother Theresa came to see me about this problem. We gave her some money towards a house she wanted to purchase for her sister's to run. I am sure this is the way for young people. If there is spare or empty housing stock to bring into use I am sure it should be under some such sympathetic supervision. MT

Patricia A. Parkins
pp (PAUL GRAY) Duty-Clerk.
3 February 1989

FILE KK

dc Richard Wilson
P.U.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

3 February 1989

FLEXI-OWNERSHIP AND RENTS TO MORTGAGES

Thank you for your letter of 1 February. I have noted that your Secretary of State has set in train the consideration of an experiment in Wales.

(PAUL GRAY)

Keith Davies, Esq.,
Welsh Office.

0690A

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Richmond House, 79 Whitehall, London SW1A 2NS
Telephone 01-210 3000

From the Secretary of State for ~~Social Services~~ Health

CC PM

E

E

The Rt Hon Nicholas Ridley MP
Secretary of State
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

2 February 1989

Dear Nick,

HOMELESSNESS: FURTHER PROPOSALS

Thank you for copying to me your letter of 24 January to John Moore and for a copy of your paper setting out revised proposals following the review of the homelessness legislation.

I very much welcome the proposals to improve both the supply of housing and the procedures for dealing with applications for re-housing. I am especially pleased to note the measures aimed at eliminating delay in placig families and reducing the dependency on bed and breakfast accommodation. As you will know, I have a particular concern about the effects on the health and welfare of young children living in hotel rooms and the difficulty in maintaining continuity of care, especially when families are placed outside their own LA area.

On the question of reducing demand, I am glad that you have decided to modify some of your earlier proposals and that you propose no change in the criteria for acceptance. I hope that there will be some monitoring of the effects of the more rigorous application of the criteria to ensure that all of those who fulfil them are accorded priority.

I think you are right to raise the issue of the apparent increase in the numbers of young single people living rough. I agree that we must avoid providing positive incentives for young people to leave home without good cause. However, it is important to recognise that not all of these young people are intentionally homeless. A significant number of them are 18 or 19 year olds who are being discharged from LA care and there is a strong case for regarding these young people as a priority group. Failure to make adequate housing provision for them greatly increases their vulnerability to crime, misuse of drugs and alcohol or other social risks.

E.R.

A copy of this letter goes to the Prime Minister, Kenneth Baker, John Moore, John Major and Sir Robin Butler.

Yours ever,

K.

KENNETH CLARKE

cc Richard cc PA.
Welsh

SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switsfwrdd)
01-270 (Llinell Union)

Oddi wrth Ysgrifennydd Gwladol Cymru

CONFIDENTIAL

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switchboard)
01-270 (Direct Line)

The Rt Hon Peter Walker MBE MP
From The Secretary of State for Wales

1 February 1989

Dear Paul

FLEXI-OWNERSHIP AND RENTS TO MORTGAGES

I have seen the record of the meeting held under the Prime Minister's chairmanship on 25 January as recorded in your letter to Roger Bright.

In the penultimate paragraph you refer to proposals for an experimental Rents to Mortgages scheme in Scotland which the Secretary of State for Scotland has been asked to prepare. However there is no mention of the specific reference by the Prime Minister to the possibility of my considering a similar experiment in Wales. I have already set in train the consideration of such an experiment within my Department and it is important therefore that the point should be included in the record.

Yours sincerely

Keith Davies

Approved by the Secretary of State
and signed in his absence

Paul Gray Esq
10 Downing Street
LONDON SW1A 2AA

DOMINIC MORRIS

1 February 1989

HOMELESSNESS: FURTHER PROPOSALS

Nicholas Ridley's letter dated 24 January raises the point that "homelessness" should not merely be looked at from a housing point of view. He argues that it should be looked at from the poverty perspective: namely that young people are homeless because they cannot afford accommodation of any sort.

DSS are likely to make two points in response:

- First, Nicholas Ridley is rightly concerned to avoid providing any incentive to individuals to become homeless in order to get "housing on demand". Equally, the benefit system must avoid providing a similar incentive. If for example, if the benefit system were made more generous for the homeless it might encourage young people to leave home unnecessarily. The same argument might also be applied to young unmarried girls who become pregnant.

- Second, it would be wrong to start tampering with the new benefit system so soon after its introduction, without first establishing how it is working in practice.

I have a great deal of sympathy with both these points.

ANDREW DUNLOP

HOUSING: Policy Pt 14

cc PY

SECRETARY OF STATE FOR SCOTLAND

2 bpm

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

31 January 1989

Dear Nicholas,

LOW COST HOUSING IN RURAL AREAS

file with PA

Thank you for sending me a copy of your letter of 11 January to John Wakeham.

The problem of supply of low cost housing in rural areas is one which is also of concern to us in Scotland and I welcome your intention to take action in this area, although I share some of the reservations other colleagues have expressed about the operation of the proposals. The scale of this problem in Scotland is uncertain and I have already asked Scottish Homes, which takes up its powers on 1 April 1989, to formulate a rural housing strategy as one of its priorities. It would therefore be premature for us to issue similar guidance in Scotland until Scottish Homes have had a chance to consider the problem. I am however, content for you to make your proposed statement.

I am copying this letter to the Prime Minister, to Members of H Committee, to John MacGregor, John Wakeham and to Sir Robin Butler.

Yours ever,

MALCOLM RIFKIND

HMP026M6.018

Housing - Policy Pr.



CONFIDENTIAL

SECRETARY OF STATE FOR EDUCATION AND SCIENCE

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

The Rt Hon Nicholas Ridley MP
2 Marsham Street
LONDON
SW1P 3EB

31 January 1988

HOMELESSNESS: FURTHER PROPOSALS

Thank you for sending me a copy of your letter of 24 January to John Moore and the enclosed further proposals.

My particular interest concerned the effect on local education services of "dumping" families in areas such as Westminster with suitable bed and breakfast accommodation. I was concerned also that the creation of Inner London education authorities might lead to an increase in the number of disputes about financial responsibility for provision for education for the children of homeless families.

I think that your proposal to give priority to increase the supply of housing in the pressure areas is the right way forward. I support also the guidelines which you propose to pursue with local authorities - in particular the need to accept bed and breakfast accommodation only as a very last resort, and for short periods, and to press for less "exporting" of homeless families across local authority boundaries.

Hence I am content with the proposals in so far as my particular interests are concerned.

I am sending copies of this letter to the Prime Minister, John Major, John Moore and to Sir Robin Butler.

CONFIDENTIAL

HOUSING: Policy Pt 14



CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

31 January, 1989.

Dear Roger

LOW COST HOUSING IN RURAL AREAS

The Prime Minister has seen your Secretary of State's minute of 30 January and is content for him to make the announcement in the form proposed on 3 February.

I am copying this letter to Alison Smith (Lord President's Office), the Private Secretaries to the other members of H Committee, Shirley Stagg (Ministry of Agriculture, Fisheries and Food), Michael Saunders (Law Officers' Department), and to Trevor Woolley (Cabinet Office).

Yours ever

Dominic C

Dominic Morris

Roger Bright, Esq.,
Department of the Environment.

CONFIDENTIAL

CONFIDENTIAL

SECRETARY OF STATE FOR THE ENVIRONMENT

Prime Minister

When you saw Mr Ridley's proposals you commented 'full of pitfalls but worth an initial try'. This minute attempts to address some of these (as far as they can be ahead of trying it out). Content for the statement at Flag A to be issued by Mr Ridley on 3 February?

PRIME MINISTER

LOW COST HOUSING IN RURAL AREAS

Thank you for your Private Secretary's letter of 16 January. It may be helpful if I comment on the points which you and other colleagues have raised in response to my letter of 11 January to John Wakeham.

I agree that we must not allow planning authorities to use planning conditions to restrict planning permission to particular forms of tenure or categories of developer. That point would be stressed in the first paragraph of the proposed announcement (I attach a further copy for ease of reference). Any permissions granted in response to this initiative would therefore be in the same form as normal planning permissions for housing development and would not place any restrictions on tenure.

It would be up to the planning authority to ensure before granting planning permission, that separate arrangements were made to secure the provision of low cost housing for local needs. Such arrangements might take a variety of forms. For instance, where a village trust or housing association was involved, the constitution of the trust or association might itself impose suitable restrictions on the type of housing which could be provided. In other cases, restrictive covenants or agreements between the parties under s.52 of the Town and Country Planning Act might be appropriate.

John MacGregor referred in his letter to uncertainty about the legal status of such agreements. Section 52 is a wide-ranging provision enabling authorities to enter into agreements relating to the development or use of land. It has long been accepted that such agreements can be used to deal with matters which are necessary in planning terms if a proposed development is to proceed, but could not properly be dealt with by way of a planning condition. One of the purposes of the proposed announcement is to make clear that the need for low cost housing in rural areas is a material planning

CONFIDENTIAL

consideration which could justify agreements designed to secure low cost provision. In that sense I would hope that the announcement will help to remove any doubts about the status of such agreements. However, much will inevitably depend on the detailed provisions of particular agreements and the planning permissions to which they relate. I agree with John that this is a point which we should deal with in the speech accompanying the announcement.

Both you and Nigel Lawson made the point that we will need to ensure that initial occupants of low cost housing do not take a windfall profit at the expense of the scheme. I agree that this could be a problem if houses were offered for outright sale on freehold terms. It does not however affect rental schemes or leasehold arrangements (eg leasehold schemes for the elderly), or shared ownership schemes. We are looking at the possibility of making special arrangements with the Housing Corporation to secure buy back of properties on terms which would permit the benefit of the low cost provision to be passed on to subsequent shared owners; I hope we shall be able to make a separate announcement about this very shortly. It will certainly be necessary for my Department to monitor the success of schemes in meeting local needs both initially and on subsequent change of occupant.

On the point raised by John MacGregor about landowners' liability for CGT, I am advised that there is unlikely to be any problem because, as John points out, land reserved for low cost housing will command a market price below the full development value. In considering the value of a particular site, the Revenue will have regard to any restrictions affecting its future use. The District Valuer will judge the price that would be paid in the open market bearing in mind the restrictions imposed and the ability of the vendor or the planning authority to secure compliance with those restrictions. Obviously cases must be examined on their merits, but I understand that discussions are to be held with representatives of rural landowners to see that general reassurance can be given.

This initiative would not give rise to any need for additional funding of housing associations. Indeed, in so far as it increases the supply of cheap land, it should help to lower unit costs and get more output from the agreed PES provision. I shall be announcing shortly increased targets for housing association output in rural areas, funded from within the existing programme total. Even if they do no satisfy the rural lobby, they will give us a firm basis for resisting further demands. Michael Howard will make the position on housing associations funding clear in the speech which will accompany the announcement.

Nicholas Scott raises some concerns about the effect of my proposals on housing benefit and community charge benefit proposals. I think I can reassure him that the initiative will have no effect on benefit expenditure. As regards housing benefit, the aim of the proposals is to reduce the cost of providing housing by reducing the cost of the land. Rents would certainly be no higher than those normally charged by housing associations; if anything they should be lower, because of the reduced land cost.

Nor will there necessarily be any effect on the community charge. Local authorities will need to be involved as planning authorities but not as landowners, and not automatically as providers of subsidies. The "discount" which will enable the housing under such schemes to be provided at low cost will come from the reduced land value. The bulk of any additional subsidy will come from the Housing Corporation. Under the Local Government Act 1988, local authorities may also make payments to bodies such as housing associations. If they do so, this will of course add to their expenditure. But no authority will be compelled to incur additional expenditure unless they wish to do so.

Finally, I should make the point again that many authorities are already experimenting with local needs housing policies. In the south east region alone, 7 districts have already adopted or deposited local plans which include local needs policies of one kind or another. There are at least 4 draft plan with similar policies.

CONFIDENTIAL

some accord with our proposals, but others smack of excessive parochialism. It is important that we bring some order and consistency into this situation. The proposed announcement will be the best way of doing that.

I welcome John MacGregor's suggestion that he should make a statement of his own in support of the announcement.

In the light of all this I would be grateful for clearance in time to enable the announcement (in the slightly revised form attached) to be made on Friday 3 February. Michael Howard will make the accompanying explanatory speech on the same day.

I am copying this letter to John Wakeham, to other members of H Committee, to John MacGregor, Nicholas Lyell and to Sir Robin Butler.

N R

30 January 1988

CONFIDENTIAL

CONFIDENTIAL

DRAFT ARRANGED P.Q.

To ask the Secretary of State, whether planning authorities in rural areas can properly take account of local needs for low cost housing in drawing up local plans and deciding planning applications; and if he will make a statement.

DRAFT ANSWER

In preparing their local plans authorities must ensure that adequate provision is made, consistent with the structure plan, for housing demand of all kinds. As was made clear in Circular 1/85, planning controls are concerned with the use of land rather than with the identity of the user. The question of who is to occupy premises for which permission is to be granted will normally be irrelevant.

I recognise, however, that in some rural areas there are genuine difficulties in securing an adequate supply of low cost housing for local needs. In such areas the need for low cost housing and the existence of arrangements made by the developer, or between the developer and the landowner or the local authority, to ensure that new low cost housing is made available for local needs could be material considerations which the authority would take into account in deciding whether to grant planning permission. Such considerations might be particularly relevant to the release of small sites within or adjoining existing villages which would not otherwise be allocated for housing.

Since planning conditions cannot normally be used to impose restrictions on tenure or occupancy, the planning authority would need to satisfy itself before granting planning permission that other secure arrangements to that effect would be made. Examples of such arrangements might be the involvement of a village trust or housing association with a suitable lettings policy; or covenants designed to give priority to first-time buyers from the locality; or an agreement between the planning authority and the developer under s.52 of the Town and Country Planning Act 1971. It would be important for schemes to ensure that the benefits of low cost provision pass not only to the initial occupants but to subsequent occupants as well.

CONFIDENTIAL

CONFIDENTIAL

Local plan policies should make clear that the release of such sites to secure provision of low cost housing for local needs will be additional to the provision made in the plan for general housing demand, recognising that particular local needs may justify the release of land that would not normally be allocated to meet general housing demand. It should be made clear that land allocated in the plan to meet general housing demand will not be confined to local needs only, and planning permission for such land should not be refused on the grounds that the developers or landowners are not prepared to enter into arrangements to secure provision for local needs.

The case for releasing additional land which would not normally receive planning permission for housing, in order to secure provision of low cost housing for local needs, will be essentially a matter for local judgment. Where a planning authority refuses permission for sich development, and the matter goes to appeal, I and my Inspectors will bear in mind the essentially local nature of the decision, though each case will be considered on its merits.

CONFIDENTIAL

HOUSING : POLICY FILE



DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Richmond House, 79 Whitehall, London SW1A 2NS
Telephone 01-210 3000
From the Secretary of State for Social ~~Services~~ Security

B

cc P.U. B

CONFIDENTIAL

CF
B/f again when other comments are available.
P.

The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

30 January 1989

Dear Nicholas,

HOMELESSNESS: FURTHER PROPOSALS

Thank you for your letter at flop of 24 January enclosing a draft of your paper for E(LF) setting out new proposals following your review of homelessness legislation. I am grateful for the opportunity to see them in advance of the Committee's discussion.

I should say at the outset that I do not see the social security system as having any significant negative impact on the problems you are seeking to confront. Social Security provides cash through a variety of channels to help people on low incomes meet their necessary expenses, including housing costs. And as you know, the housing benefit reforms mean that claimants are insulated more fully than previously from the effects of high rents. This means that the "wider homelessness problem, of people living rough", cannot in general be seen as a benefit issue. Some of those sleeping rough will be 16 and 17 year olds. Their income support levels are set at a lower level but I am sure that none of us wishes to reverse the aims of the social security reforms by adjusting these benefit levels in general in such a way as to give them an incentive to leave home. I am, however, looking at the adequacy of benefit level for that small group of 16 and 17 year olds who for a number of reasons have no choice but to live as independent householders. We think that there are about 5,000 people in this category out of 25,000 income support recipients in this age group living independently. Accordingly I would be grateful if you would delete the reference to me in paragraph 3 of your draft and I do not think that I need to take up your suggestion of submitting a separate paper.

E.R.

The policy proposals you put forward do cause me some unease. This may be accounted for, at least in part, by the absence of any real analysis of the mismatch of supply and demand according to housing need. For example, the requirements of elderly people needing shelter are quite different to those of families and pregnant women. More information on numbers and costs would enable colleagues to have a more sharply focussed discussion. And while I agree that better management of the existing housing stock must be a priority, I have reservations about any increased investment by local authorities.

I am sending copies of this letter to the Prime Minister, Kenneth Baker, Kenneth Clarke and John Major, and to Sir Robin Butler.

JOHN MOORE

Housing: Policy Pt 14



dti

the department for Enterprise

c&P.O.

The Rt. Hon. Tony Newton OBE, MP
Chancellor of the Duchy of Lancaster and
Minister of Trade and Industry

. Rt Hon Nicholas Ridley MP
Secretary of State
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

Department of Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5147
Our ref
Your ref
Date 30 January 1989

Dear Nick,

LOW COST HOUSING IN RURAL AREAS

Thank you for sending me a copy of your letter of 11 January to John Wakeham. I have also seen the letter dated 16 January from the Prime Minister's office, and the letters from Nigel Lawson, Douglas Hurd and John MacGregor.

Over the past two years business has become increasingly concerned at the impact of high house prices on its ability to recruit and retain labour. While I appreciate that this problem is not confined to the rural areas, it does seem that the difficulties there are particularly acute, as the supply of low-cost housing gradually dries up. As John MacGregor points out, there is a risk this will affect our policies for diversifying and developing the rural economy. I therefore welcome your proposed initiative and agree that any land made available for low-cost housing should be in addition to the council's general housing provision, as set out in its development plan.

JA4ABW

dti

the department for Enterprise

I hope your announcement will receive a positive response, particularly from the district councils and landowners who have been prominent among those asking for Government action. I agree it would be helpful if you could monitor how things turn out in practice and I should be grateful if your officials would keep in touch with mine on this.

I am copying this letter to the Prime Minister, John Wakeham, other members of H, John MacGregor and Sir Robin Butler.

Yours ever,
Tony.

TONY NEWTON

JA4ABW

Housing - Policy PR4

30. I. PM 9



CONFIDENTIAL

FG
EAm

cc PU

10 DOWNING STREET

From the Principal Private Secretary

26 January 1989

PRIVATISATION OF COUNCIL HOUSING: TERMS OF SALE

Your Secretary of State had a brief word with the Prime Minister this morning about the proposal by Gloucester City Council to sell its housing to North Housing Association. He said that, under the existing guidelines, the price at which the houses would be sold would be in the range of £27 - £30 million, compared with the £21.4 million which the Council wished to agree with North Housing Association. He suggested that the gap could be bridged by permitting local aurhorities to set a higher price but to offer the purchaser grants of up to £1,500 per property. This would enable the purchaser to undertake a programme of improvements which would secure the support of tenants. Your Secretary of State said he would be talking to the Chief Secretary about this but, before he did so, he wished to know whether the Prime Minister saw any political objection.

The Prime Minister acknowledged that such a scheme would be consistent with the Government's objectives for promoting disposals of local authority housing and she was content for the Secretary of State to discuss the proposal with the Treasury.

ANDREW TURNBULL

Miss Deborah Lamb
Department of the Environment

CONFIDENTIAL

SUBJECT cc MASTER. CONFIDENTIAL FILE MJ2DDS D

cc BG ✓

cc R. Wilson

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

26 January 1989

FLEXI-OWNERSHIP AND RENTS TO MORTGAGES

The Prime Minister held a further meeting on 25 January on housing policy, the fourth meeting in the present series. Those present were your Secretary of State, the Secretaries of State for Wales, Scotland and Social Services, the Chief Secretary, Treasury, the Minister for Housing, Environment and Countryside, Professor Brian Griffiths (Policy Unit), Richard Wilson and Andrew Wells (Cabinet Office).

I would be grateful if you and other copy recipients would ensure that this record of the discussion is seen only by named individuals.

The meeting considered the Cabinet Office note of 2 December, which recorded the outcome of further work by officials commissioned at the Prime Minister's meeting on 21 July 1988. They also had before them examples of the two options described in the Note, circulated by the Cabinet Office on 20 January and by the Private Secretary to the Secretary of State for Scotland on 25 January.

In discussion the following main points were made:-

a. Despite the success of the Right-To-Buy (RTB) scheme only just over 20 per cent of local authority dwellings had so far been sold to their tenants. Flexi-ownership had the potential to achieve a substantial further extension of home ownership. This would be a great prize. Property would pass from being owned by the state to some of the poorest groups who were currently locked into dependency on their local authority landlords. Many in these groups would be able to pass on substantial assets to their children for the first time, allowing them to participate in the benefits of property ownership. Flexi-owners would also undertake their own maintenance, tackling the backlog which had built up in the public sector. Flexi-ownership could therefore make a substantial contribution towards

MRM

achieving the Government's overall social priorities. With recent increases in mortgage interest rates and the easing of house price rises it was likely that conventional RTB sales would fall off in the near future. There would therefore be every advantage in launching a flexi-ownership scheme within the next year or so.

b. Against that, conventional RTB sales were continuing at high levels, both as regards numbers of sales and capital receipts. The long-standing success of RTB in relation to houses was spreading to flats. There was as yet no convincing evidence of any slowdown stemming from higher interest rates or lower house price inflation. The new financial regime for local authority housing would mean higher rents in many areas and this could prompt new RTB sales particularly as interest rates fell. In this climate flexi-ownership could have very substantial costs for the Exchequer in terms of capital receipts foregone. Such a scheme, or some alternative package of enhancements to the RTB, might have a role to play when RTB sales fell off, but now was not the time to introduce it.

c. A special flexi-ownership scheme for older tenants had substantial attractions, either as part of a wider scheme or on its own. About one-third of council tenants were pensioners, the great majority of them on income support or housing benefit or both. The special scheme outlined in the Cabinet Office Note would allow such tenants to take up home ownership without incurring any mortgage payments. Their dependency on benefits to meet their housing costs would cease, achieving a substantial reduction in benefit costs and caseload. They would have to undertake their own maintenance but their families could be expected to provide assistance.

d. Against that, many older tenants simply would not want to take on the responsibilities of home-ownership, particularly the obligation to do their own maintenance. Indeed many existing owner occupiers found that they were unable to tackle repairs as they got older. Even if they were able to undertake repairs, most older tenants taking up flexi-ownership would find themselves worse off as a result of the necessary expenditure. A special scheme could also impose substantial costs on the Exchequer in two ways. First, tenants approaching retirement age might defer exercising their conventional RTB in the expectation that they would get a more favourable deal when they reached 65. Second, substantial numbers of flexi-ownership sales to elderly tenants would remove a major source of relets in the council rented sector, leading to pressure for more Government spending on replacement.

e. Another consideration was the risk of abuse, particularly where flexi-owners sought to go back onto benefit. The income support and housing benefit systems provided safety nets for individuals who could not provide for themselves, and there was no way in which flexi-owners could be required to divest themselves of their rights to claim benefits at a future date. But if they retained those rights they could abuse the system by realising the capital value in their property and subsequently returning to the rented sector. Although there were safeguards against this sort of behaviour they would never be fully effective.

f. If a flexi-ownership scheme were to be introduced it would be important to get the details right. Option I in the Cabinet Office Note was easily comprehensible and was to be preferred to Option II which was much too complex to be understood by tenants. But as it stood Option I was probably too generous. It could lead to excessive switching from conventional RTB and also cause resentment among tenants who had already bought their council houses. It might therefore be desirable to increase the differential of 10 per cent compared to RTB, and also to reconsider the bonus equity points proposed under the scheme which could mean that the flexi-owner got a larger eventual discount than if he had bought his property outright.

g. The position in Scotland was different from that in England and Wales and might justify a different conclusion. Home-ownership there was much lower at only around 42 per cent. Despite an unprecedented level of RTB sales it was increasing by only 1 to 1.5 per cent per annum. There was a different attitude to the choice between renting and home-ownership in Scotland, and many tenants would not wish to become owners even on flexi-ownership terms. There was also another group of tenants who did not take up RTB because they did not wish to pay more than they were currently paying in rent. This group might well be encouraged to become owners if they were offered a Rents to Mortgages scheme under which their outgoings remained the same. Another unique feature of the Scottish position was that the Government, through Scottish Homes, was a major landlord, responsible for some 75,000 dwellings. No legislation would be required to introduce a Rents to Mortgages scheme for these tenants. Such a scheme could be a useful experiment to test the flexi-ownership concept.

The Prime Minister, summing up the discussion, said that the further extension of home-ownership remained a goal for the Government. Home-ownership was valuable in its own right. But encouraging council tenants to become owners would also pay dividends in terms of reducing their dependency on local

authorities and the state. The conventional Right-To-Buy scheme had been the Government's main instrument for achieving this policy aim over the last decade. But RTB sales and capital receipts were still buoyant. In this context a flexi-ownership scheme could have the unfortunate effect of attracting tenants who would otherwise have become full owners under RTB, imposing substantial costs on the Exchequer in terms of receipts foregone. The more generous terms on offer to flexi-owners could cause resentment among tenants who had already bought their houses. There were also risks that a flexi-ownership scheme could be abused, particularly in view of the fact that it was not practicable to require flexi-owners to forego their rights to claim housing benefit or income support in the future. For these reasons the Group agreed that now was not the time to proceed with a general flexi-ownership scheme of the sort discussed in the Cabinet Office Note. But they recognised that such a scheme could have a valuable part to play at a later date, when conventional RTB sales started to decline. The Secretary of State for the Environment, in consultation with the other Secretaries of State concerned, should put work in hand to ensure that a suitable scheme, akin to Option I, was available when it was needed. It would not be right however to introduce a special scheme which encouraged older tenants to become owners without incurring any mortgage payments, for the reasons set out in the discussion.

Rather different considerations applied in relation to Scotland. Home-ownership there was well below the levels in England and Wales, and was increasing at a relatively slow rate. The Government was also a major landlord, through Scottish Homes. In these circumstances there might well be a case for a special Rents to Mortgages scheme for tenants of Scottish Homes. This would be designed to reduce the Government's own role as a landlord and to increase home-ownership in Scotland. It would also act as an experiment to test the concepts underlying flexi-ownership on a restricted scale. The Secretary of State for Scotland, in consultation with the Secretary of State for the Environment and the Chief Secretary, Treasury, should prepared proposals for such an experimental scheme and circulate them so that they could be considered before the Summer Recess. The paper should take account of the points made in discussion about the details of the two options proposed in the present Note.

I am copying this letter to the Private Secretaries to the other Ministers present at the meeting, to the others who attended and to Trevor Woolley in Sir Robin Butler's office.

Paul Gray

Roger Bright Esq
Department of the Environment

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switsfwrdd)
01-270 (Llinell Union)

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switchboard)
01-270 (Direct Line)

Oddi wrth Ysgrifennydd Gwladol Cymru The Rt Hon Peter Walker MBE MP *From The Secretary of State for Wales*

CT/4064/89

26 January 1989

Dear Secretary of State

LOCAL GOVERNMENT AND HOUSING BILL

I am concerned that it has not been possible to include all of the housing provisions we would have wished in the Bill before its introduction and that some essential provisions, such as Group Repair and Minor Works Grants, will have to be introduced by amendment.

Group Repair in particular is essential if we are to continue with the very substantial progress we have made with area improvement, especially by the use of enveloping techniques.

The Bill revokes the powers local authorities already have to adopt this approach in Housing Action Areas and whilst it does include provision for Renewal Areas it does not at this stage include the Group Repair arrangements we agreed should replace enveloping. The expectations for Group Repair are rightly very high in Wales and I could not accept a situation where there was any danger that this would not be a feature of the new arrangements. It is essential that we can give assurances that these will be introduced by Government amendment at a very early stage.

/The "Minor...

The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment
2 Marsham Street
LONDON
SW1P 3EB

The "Minor Works Grants" were as you know also widely welcomed and will I am sure be a cost effective and socially desirable arrangement which will be of particular benefit to the elderly. I have no doubt that we will be asked for assurances that this too will be introduced by early Government amendment.

I know that there are a number of other housing provisions which will now have to be included by amendment but, bearing in mind the timing of the Bill and likely need for a guillotine motion, I hope that we can agree that in particular Group Repair and the Minor Works Grants must be regarded as a priority.

I am copying this to members of E(LF) and H Committees, David Waddington and to Sir Robin Butler.

Yours sincerely

Kenk Davies

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

PRIME MINISTER

PRIVATISATION OF COUNCIL HOUSING

Mr. Ridley wants to have a word after E(LF) about the terms of sale under which local authorities make large scale disposals of their tenanted council housing - see attached letter. While the case for relaxation has been put, the wider implications also need to be considered. For example, there is no indication of how much this might cost across the country. While you can listen sympathetically I do not think you should agree to his proposals straightaway; he must talk to the Chief Secretary about them so that the total cost of this can be assessed against the costs of maintaining the existing policy. Only then can a proper judgement be made.

Mr. Ridley may also raise the case of Torbay where he refused to approve the proposed sale and ordered wider consultations. Torbay took the view that they would be unlikely to win approval in current circumstances and have decided not to proceed. Similar difficulties arise with the Housing Action Trusts where the negative case is being put strongly.

All this reinforces the need to look at the policy of large scale disposals in the round and not case by case.

AT

ANDREW TURNBULL

25 January 1989

SL3BGV

CONFIDENTIAL AND PERSONAL

cc PS
cc PS/Chief

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

Andrew Turnbull Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

25 January 1989

Dear Andrew,

PRIVATISATION OF COUNCIL HOUSING: TERMS OF SALE

My Secretary of State has been reconsidering the terms of sale which we expect authorities to adopt when making large-scale disposals of tenanted council housing. The Secretary of State may wish to mention this to the Prime Minister tomorrow.

You will recall that our guidelines, issued in June, said that authorities should obtain tenanted market value, with allowance for catching up repairs, when selling their housing.

In putting their proposals to tenants, councils are finding that tenants can have anxieties aroused all too easily, whilst the council has few positive benefits to offer in support of the disposal. Its message is usually that the advantage of transferring from council ownership is to avoid rent rises and expenditure reductions which the Government might impose in the future. As a result, although two authorities have obtained strong support from tenants for a disposal, three others have faced a clear rejection. There are signs that some authorities are being discouraged from pursuing privatisation by these results. The Secretary of State feels that authorities need scope to offer a more attractive package to tenants, if the momentum for these kinds of disposal is not to be lost.

The position is well illustrated by Gloucester City Council's proposal to sell its housing to North Housing Association. There has been very strong opposition from tenants. Partly to meet this opposition, the Council wishes to agree a price of £21.4m, which our Valuation Office advisers believe is only about 70%-75% of tenanted market value. Both Gloucester and North are convinved, however, that it is necessary to settle on such a price to ensure that there is sufficient scope for carrying out a major programme of improvements which might win the tenants' support.

The Secretary of State would therefore like to relax our requirements on the terms of sale so that authorities can make the prospect of transfer to another landlord more attractive. He does not wish to depart from the principle of tenanted market

CONFIDENTIAL AND PERSONAL

value. But he does wish councils to be free to make grants to purchasers which would allow a larger or more rapid programme of improvements than would have been possible at tenanted market value. He has in mind placing a limit on the scale of such assistance of, possibly, £1,500 per property. The cost would be borne entirely by the local authorities; there would be no Exchequer grant toward any extra assistance of this kind which a council wished to offer.

Yours,
Deborah.

DEBORAH LAMB
Private Secretary

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Paul Gray Esq
Private Secretary
10 Downing Street
LONDON SW1A 2AA

25 January 1989

Dear Paul,

FLEXI OWNERSHIP AND RENTS TO MORTGAGES

I refer to Richard Wilson's letter of 20 January attaching some examples of how the two flexi ownership schemes, which are due to be discussed at today's meeting will work out in practice. I attach copies of some reworked examples on the same basis which I would be most grateful if you could make available to Ministers attending the meeting.

The point is that my Secretary of State considers that while the examples attached to Richard's letter are useful it would be more helpful for colleagues to have available examples set out on a strictly comparable basis. The alternatives enclosed compare the impact of the schemes for tenants on 10 years discount entitlement under RTB who are an important target group for the new scheme. The examples have also been adjusted to bring out the combined impact of the calculation of the initial discount and the additional free equity which will be available to tenants so that the full impact of the two options can be properly considered.

Yours

David.

DAVID CRAWLEY
Private Secretary

HMP025L8.018

EXAMPLE 1: LONDON

A tenant lives in a council house, worth the average London price of £60,000. He has been a tenant for 10 years, and therefore qualifies for a 40% Right-To-Buy (RTB) discount. After deducting £5 for upkeep, the balance of £16 per week would support a mortgage of £7,800.

OPTION I	OPTION II
a. The tenant's mortgage will buy 7,800/60,000 or 13% of the property.	a. The RTB discount is worth 40% of £60,000, or £24,000. The RTB discounted price is therefore £36,000.
b. The free initial discount (RTB-10%) is 30% of the property.	b. The tenant's mortgage will meet 7,800/36,000 or about 22% of the discounted price.
c. The tenant's total stake is therefore 13%+30% or 43% of the property, worth £25,800.	c. The tenant's total stake in the house is therefore about 22%, worth £13,000.
d. The public sector has a charge of 57% on the property.	d. The public sector has a charge of about 78% on the property.
e. Free bonus points available = 20% or £12,000.	e. Free bonus points available = 38% or £22,800.
f. Therefore total percentage of stake available by loan and free equity = 63% or £37,800	f. Therefore total percentage of stake available by loan and free equity = 60% or £36,000

68% 35,00

2/3

EXAMPLE 2: AVERAGE PRICE AREA (ENGLAND)

A tenant lives in a council house worth £30,000, the England average price. He has been a tenant for 10 years and has therefore qualified for a Right-To-Buy (RTB) discount of 40%. The tenant is paying the average rent for England of £18.50 per week. After deducting £5 for upkeep, the balance of £13.50 per week would support a mortgage of £6,600.

OPTION I	OPTION II
a. The tenant's mortgage will buy 6,600/30,000 or 22% of the property.	a. The RTB discount is worth 40% of £30,000 or £12,000. The RTB discounted price is therefore £18,000.
b. The free initial discount (RTB-10%) is 30% of the property.	b. The tenant's mortgage will meet 6,600/12,000 or about 37% of the discounted price.
c. The tenant's total stake is therefore 22%+30% or 52% of the property, worth £15,600.	c. The tenant's total stake is therefore about 37%, worth about £11,100.
d. The public sector has a charge of 48% on the property.	d. The public sector has a charge of about 63% on the property.
e. Free bonus points available = 20% or £6,000.	e. Free bonus points available = 23% or £6,900.
f. Therefore total percentage of stake available by loan and free equity = 72% or £21,600	f. Therefore total percentage stake available by loan and free equity = 60% or £18,000

EXAMPLE 3: LOW PRICE AREA

A tenant lives in a council house in a low price area, worth £20,000. He has been a tenant for 10 years, and therefore qualifies for a Right-To-Buy (RTB) discount of 40%. He currently pays rent for £17 per week. After deducting £5 for upkeep, the balance of £12 per week would support a mortgage of £5,850.

OPTION I	OPTION II
A. The tenant's mortgage will buy 5,850/20,000 or about 29% of the property.	a. RTB discount is worth 40% of £20,000 or £8,000. Therefore RTB discounted price is therefore £12,000.
b. The free initial discount (RTB-10%) is 30% of the property.	b. The tenant's mortgate will meet 5,850/12,000 or about 49% of the discounted price.
c. The tenant's total stake is therefore about 29%+30% or 59% of the property, worth £11,800.	c. The tenant's total stake in the house is therefore about 49%, worth £9,800.
d. The public sector has a charge of about 41% on the property.	d. The public sector has a charge of about 51% on the property.
e. Free bonus points available = £20,000 or £4,000.	e. Free bonus points available = 11% or £2,200.
f. Therefore total percentage of stake available by loan and free equity = 79% or £15,800	f. Therefore total percentage of stake available by loan and free equity = 60% or £12,000

CONFIDENTIAL

cgta.

A

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

The Rt Hon John Moore MP
Department of Social Security
Richmond House
79 Whitehall
LONDON
SW1A 2NS

24 January 1989

Dear John

HOMELESSNESS: FURTHER PROPOSALS

As agreed at the meeting of E(LF) Committee on ~~9 November~~ attached, I attach for your comment a paper setting out my new proposals following the review of the homelessness legislation. I am copying this, as agreed, to Kenneth Baker and to John Major. In view of his interest in these matters I am also sending a copy to Kenneth Clarke.

My Review has been concerned with housing issues. However, as you appreciate, the public perception of "homelessness" encompasses issues of poverty, and, particularly, of benefits, which are properly for you. One specific issue I must mention is the growing concern about young people living on the streets of our major cities. There must be a strong possibility that we will come under increasing pressure to add these to the categories of people in need who must be accommodated under the Act. That would clearly be wrong; we cannot be required to provide housing on demand, and thus encourage more young people to leave home. But I would be grateful for your views on this. We ought to have our lines clear, when we come to announce the Review conclusions.

I have referred to these wider issues in the paper attached. If you agree, I think it would be both appropriate and helpful to discuss them at the next meeting at E(LF) on the basis of my paper and one from you on the related issues under your responsibility.

I am also copying this paper to the Prime Minister and Sir Robin Butler.

Yours ever

Nicholas

NICHOLAS RIDLEY

HOMELESSNESS : FURTHER PROPOSALS FROM THE SECRETARY OF STATE FOR THE ENVIRONMENT

1. At the meeting on 9 November, E(LF) Committee asked me to submit revised proposals to conclude the review of the homelessness legislation. [As requested, I have discussed these further proposals with the Secretaries of State for Education and Social Security and the Chief Secretary].

2. My earlier paper showed how the growth of homelessness in recent years reflected serious local imbalances between housing supply and demand; and how, unless we took remedial action, these imbalances were likely to increase in the short-term. (Explanatory graphs and statistics are at Annex A). The proposals in that paper laid emphasis on reducing the pressures by restraining demand, through tougher laws on eligibility for instance. Colleagues, however, felt that we should explore ways to relieve homelessness within the existing statutory framework. This limits the options open to us, and in particular means that priority must be given to increasing the supply of housing in the pressure areas. This paper sets out my specific proposals.

3. These comments and proposals relate only to my housing responsibilities. But the public perceives a wider homelessness problem, of people living rough in cardboard boxes (many of them single and young). The issues here are more for John Moore than I but we ought to address them before my Review is concluded.

INCREASING SUPPLY

4. We need a package of measures designed to make an impact on the effective supply of subsidised rented housing, where it is most needed. We should seek to achieve this by:-

- better use of the existing stock, especially in pressure areas;

- carefully targeted investment, by LAs and housing associations (HAs); and

- better mobility arrangements, to enable people to move away from the key areas.

Existing Stock:

5. The first priority must be to secure the fullest use of the existing rented stock. We know management improvements are needed in all sectors, eg in the use of empty property (where the Government's record is poor, too) and, in the LA sector, in reletting times. Three of our present policies will make an important contribution in the medium term:-

- revitalising the private rented sector;

- incentives built into the new financial regime to encourage LAs to manage their stock efficiently (for example, to keep empty property to a minimum); and

- cash incentives to help tenants move out into owner occupation, thus releasing vacancies for rent.

6. There are also immediate steps to take, which will improve the supply of permanent housing for genuinely homeless families, without new capital investment:-

(a) requiring LAs to put the homeless first in their allocation of housing, with second priority for others in real housing need. This will require a minor legislative change, which could be included in our Local Government and Housing Bill;

(b) encouraging, through the Housing Corporation, better co-operation at the local level between LAs and HAs in nominations for the homeless; and

(c) encouraging more people (in all housing sectors) to take in lodgers. E(LF) favoured this suggestion, at the last meeting. Discussions on possible incentives are in hand, at official level.

Investment in Key Areas:

7. Nevertheless, the Audit Commission Report demonstrates that some authorities can be tough, efficient, making the most of their housing stock and of the help available from HAs, and yet remain hard-pressed. New investment in these areas is therefore essential. The majority of new investment in future will be undertaken by housing associations. But we also have to work with and through the LAs, who will remain for sometime the biggest landlords in these areas, and who retain the statutory responsibility for the homeless.

8. It is vital, therefore, to steer resources to the pressure areas and at the same time to ensure that these LAs align with our policies and perform as efficiently as possible. I could do this by allocating a proportion of the available resources specifically for homelessness, and specially for the hard-pressed LAs, on condition that they must:-

(a) adhere closely to our policy guidelines on homelessness (see paragraph 12 below and Annex B);

(b) manage their stock efficiently, to maximise its use; and

(c) put the extra resources to approved use, e.g. cash incentives to persuade tenants to move out and buy; refurbishment of empty property; and support for HA rehabilitation or new build schemes. I would discourage direct acquisition or provision.

9. I propose to make arrangements on these lines in my annual distribution of housing resources from 1990-91 onwards. For 1989-90, the main distribution is already made, but I shall examine, with the Chief Secretary, the possibility of switching resources within my Departmental programmes in order to launch the scheme immediately.

Improved Mobility:

10. Another way to help relieve pressure in the key areas is to provide accommodation elsewhere, suitable for homeless people with no genuine ties of family or employment to keep them in the pressure areas. I propose to arrange with the housing association movement for specified associations in areas where housing supply is adequate to make homes available especially for such people. (We might help this initiative by providing, if we can and temporarily, some Government empties). Local authorities who met our conditions for special allocations would be entitled to benefit from this service by making nominations.

11. In addition, to achieve a more effective performance across the LA and HA sectors, and economies of scale, I propose to bring together the three existing and publicly funded mobility bodies (the National Mobility Office, the London Area Mobility Scheme and the Housing Association Liaison Office) into one scheme. Discussions are already in hand.

LIMITING DEMAND

12. There are further improvements we need to pursue in local authority performance. Recommendations about LA efficiency and consistency in the various Reports we have received (in particular, those from the Audit Commission, the Institute of Housing, the Association of District Councils) give us a firm basis for action. Annex B details some of the changes we would seek. Assisted by the new arrangements for targetting resources, I believe we could persuade the local authority associations to agree the necessary changes to the Code of Guidance (to which the Act requires LAs to have regard).

PUBLIC EXPENDITURE IMPLICATIONS:

13. We anticipate minor public expenditure savings through amalgamating the three existing mobility bodies. I propose to look again at the overall level of resources needed in the PES round.

MANPOWER IMPLICATIONS:

14. A cut of about 10 staff should be achieved in the mobility arrangements.

POLICY EVALUATION:

15. The impact of these proposals would be assessed through homelessness and other housing statistics and through housing expenditure monitoring. I propose to supplement these regular flows of information with specific research studies.

SUMMARY:

16. Homelessness is a manifestation of the failure of decades of interference with the market in rented housing. It is not a discrete problem, the solution must lie in housing strategy; and it is local and regional in its impact. Our new policies will, in time, reduce its incidence, but meanwhile homelessness occupies the centre of the political stage in debates about housing, and it could even threaten the implementation of our new approach. Without fresh legislation to change the rules and cut demand, the priority for action must be to boost supply in the short-term. Some LAs have severe problems requiring help. I propose to give them that help - in the form of extra resources - on condition that they manage their housing effectively and operate according to redefined policy guidelines. The guidelines should mean that fewer people will be accepted in the homelessness safety net; but those accepted should receive a fair and efficient service.

17. I invite colleagues in E(LF) to agree the proposals in this paper as conclusions to the Review of the homelessness legislation.

DEPARTMENT OF THE ENVIORNMENT

JANUARY 1989

ANNEX A

HOMELESSNESS: NUMBERS AND COSTS

Who are the homeless?

Official homeless statistics relate to households accepted by local authorities and accommodated by them under the provisions of the 1985 Housing Act. Strictly, therefore, they are no longer 'homeless'. The majority, (80%) are families and pregant women, the remainder falling in other vulnerable categories - elderly, mentally ill etc.

Outside these official figures are certain homeless groups notably young, single people who are not defined as a priority group in the Act. Local authorities have no duty to secure accommodation for non-prioority groups, only to provide advice and assistance.

Growth in homelessness

The total number of households accepted as homeless in 1987 was 112,400. This represents a 100% increase since the introduction of the legislation in 1978, at a steady rate of about 10% per year. The vast majority (90%) of those accepted fall in the statutory priority groups (the non-priority acceptances being concentrated in the less-pressured conurbations outside London). In addition advice was provided to 56,000 other non-priority homeless in 1987.

Use and costs of bed and breakfast and other temporary accommodation

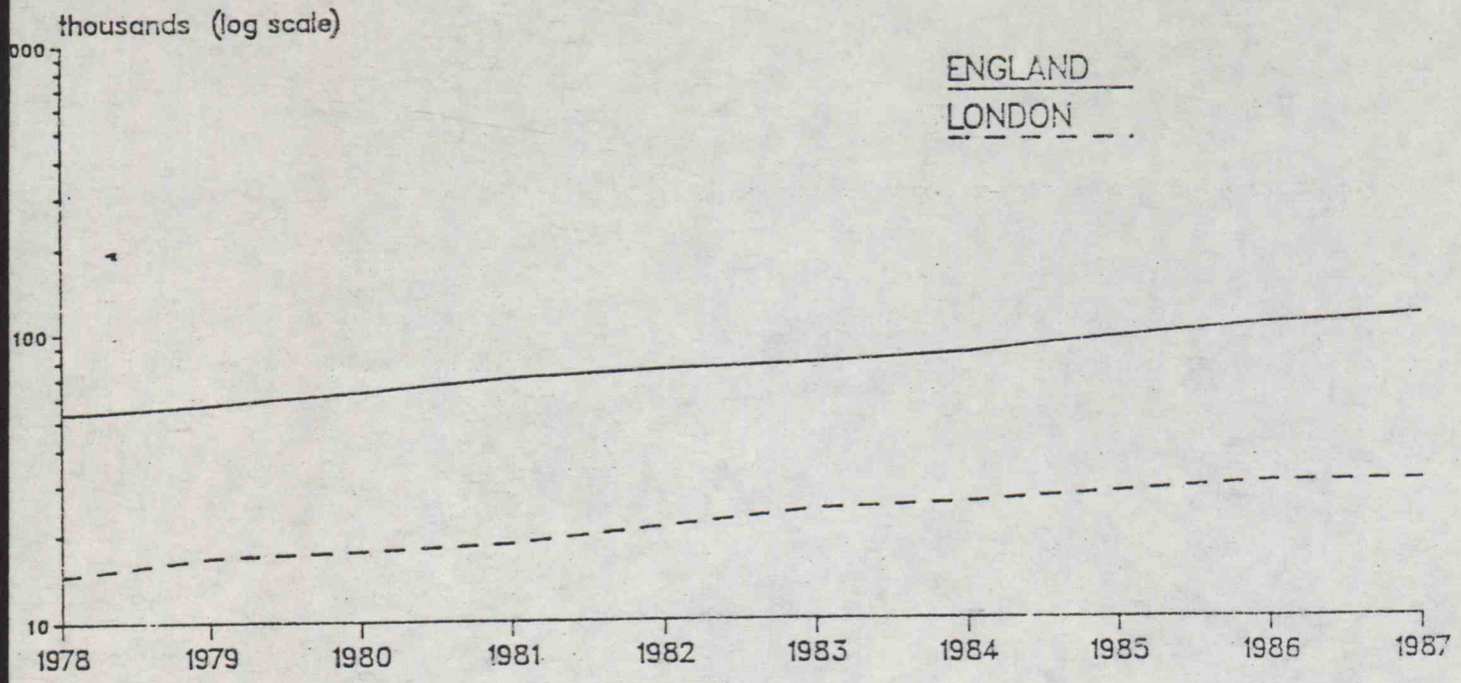
Unlike the steady growth in acceptances, the use and cost of temporary accommodation for the homeless (including bed and breakfast), has leapt dramatically in the last few years. The total numbers in temporary accommodation have grown from 18,000 at the end of the second quarter 1986 to 30,200 at the end of the same quarter 1988 - an increase of 40%. Costs to local authorities of such accommodation, however, have grown even faster (by 60%) from £42M in 1985/86 to £107M in 1987/88. On top of this there is estimated expenditure of at least £60M DSS benefit and income supportpayments going to these households for the accommodation.

Graphs 1 and 2 illustrate these trends.

CONFIDENTIAL

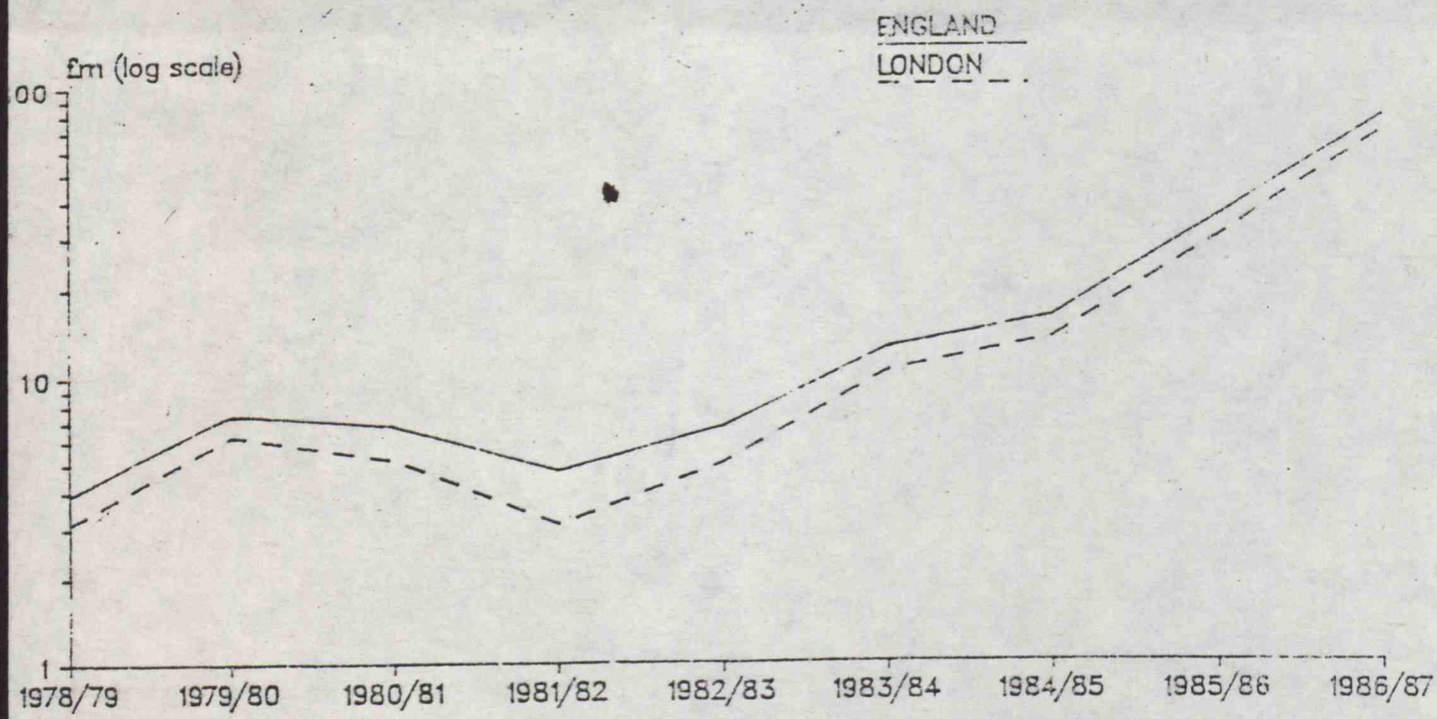
ANNEX A

Households accepted as homeless : 1978 – 1987



(SOURCE : DOE)

Net expenditure on bed and breakfast accomodation



(SOURCE : DOE/CIPFA)

CONFIDENTIAL

CONFIDENTIAL

ANNEX B

LIMITING DEMAND:-

LOCAL AUTHORITY ACTION

1. DOE research, and the Reports on homelessness received from interested bodies, point to the need for greater efficiency and consistency in local authorities' (LAs) handling of homelessness applications and in their management of the housing stock. For homelessness casework, changes in practice should be achieved through amendments to the Code of Guidance, after consultation with the local authority associations and interested bodies.

2. Two specific proposals should help to restrict demand, albeit at the margins, in the pressure areas:-

(a) to get all local authorities, in considering homeless applications, to operate the rigorous criteria for acceptance already adopted by the majority; and

(b) to adopt tighter rules for "local connection", so that not all those accepted have to be housed where they apply.

3. Three further proposals are directed at enhanced efficiency in LA homelessness procedures, to reduce costs and to relieve stress and uncertainty for those awaiting decisions or accommodation:-

(a) time limits for LA decisions on homeless applicants. (Families often wait in unsatisfactory and expensive temporary accommodation while authorities consider their decision.) The Secretary of State for the Environment would endorse the Audit Commission recommendation of 30 days maximum, except in extreme circumstances;

(b) acceptance that bed and breakfast is used only as a very last resort, and for short periods; and

(c) less "exporting" of homeless families across LA boundaries. The advice to be issued would be that such practice should be continued only when all other options for accommodation have been exhausted and then with the full co-operation of the other authority affected.

CONFIDENTIAL

CONFIDENTIAL

PRIME MINISTER

FLEXI OWNERSHIP: MEETING ON 25 JANUARY

You studied the main papers for tomorrow's meeting over the weekend, namely:

Flag A - Cabinet Office paper
Flag B - Some examples of how flexi ownership schemes would work in practice
Flag C - Richard Wilson's brief

We also now have

Flag D - Note by Brian Griffiths

We had a word about this this morning, when I mentioned the serious reservations Nick Ridley and John Major have about adopting a flexi ownership scheme. You had reached a rather similar conclusion and Brian Griffiths' note is also in similar vein.

Impact on Right to Buy Receipts

Messrs. Ridley and Major are concerned that introducing the flexi ownership scheme would mean a serious risk of substantial reductions in RTB receipts. Whether this would happen is clearly a matter of judgement. But the sums at risk are now very large.

The table attached illustrates this. This is a table which the Treasury have prepared and which I gather John Major will bring to tomorrow's meeting and circulate to the others present. So it would be better to let him refer to these figures first rather than you. But what they show is:

- that there has been a major surge in RTB activity over the last year or so, mainly in England, but with Scotland and Wales now following;

- if the forecasts are to be believed, there will be a further increase in RTB activity in Wales over the next two to three years.

Mr. Walker may of course argue that these projections are uncertain, and with the recent tightening of monetary policy that they are unlikely to be realised. That is an arguable proposition. But what he cannot deny - and was forced to admit in the latter stages of last year's PES exercise - is that in recent months there has been an increase in Welsh RTB activity.

Experiments

Both the Welsh and Scottish Secretaries are keen to embark on experiments in their territories if agreement cannot be reached on a national flexi ownership scheme. Richard Wilson's brief suggested that you might want to consider such a compromise. But I have discussed this with Richard during the day, and he does I think agree that such a compromise could prove difficult. Points to make could be:

- there is no need for a special boost in Wales, given the current level of RTB receipts and the fact that the proportion of home ownership in Wales - 68 per cent - already exceeds that in England - 66 per cent (this is far less true of Scotland where the percentage is 44 per cent);

- could an experiment really be limited just to Wales and Scotland? Would not the expectation be that these "softer" terms for home ownership would spread in time to England, so blighting English RTB receipts in the meantime?

Handling

Depending on the course of the meeting, you might want to steer towards conclusions on the following lines:

- the current buoyancy of RTB receipts in England, Wales and Scotland means there is no urgency for an early boost to the shift towards home ownership;
- indeed, an early move could seriously prejudice the level of RTB receipts, with the attendant impact on public expenditure;

- so there should be no commitment at this stage to legislation to provide for flexi ownership schemes;

- but further work would be helpful to iron out the remaining difficulties and specify the best available scheme or schemes that could be introduced in future if this was judged appropriate;

- the scheme(s) could then be kept on the shelf. A flexi ownership initiative might be launched either if RTB receipts did start to tail off, or in the context of the next Election Manifesto.

Rec.

PAUL GRAY

24 January 1989

34%. 1,38000

610,000

1HB

600,000 1HB

87% in receipt of I.S. 170,000

13% of RTB - elderly.

SALES OF LA DWELLINGS TO SITTING TENANTS

ENGLAND

	Sales (,000) Houses	Flats	Receipts (£million)
1982-83	162.6	4.6	1,117
1983-84	100.8	5.5	921
1984-85	73.3	4.2	794
1985-86	68.1	4.1	843
1986-87	70.2	6.5	1,112
1987-88	83.3	11.5	1,549
1988-89	150		2,555
1989-90	145		2,915
1990-91	115		2,525
1991-92	101		2,440

SCOTLAND (SO cannot provide a flat/house breakdown)

	Sales (,000) Houses	Flats	Receipts (£million)
1982-83	11.8		102
1983-84	13.0		123
1984-85	11.7		119
1985-86	10.4		106
1986-87	10.9		120
1987-88	16.7		169
1988-89	25.0		219
1989-90	27.9		296
1990-91	22.5		245
1991-92	19.7		220

WALES

	Sales (,000) Houses	Flats	Receipts (£million)
1982-83	11.7	0.2	42
1983-84	14.2	0.2	55
1984-85	7.3	0.1	37
1985-86	5.2	0.1	28
1986-87	4.9	0.1	31
1987-88	5.6	0.2	49
1988-89	6.2		54
1989-90	8.0		80
1990-91	10.0		117
1991-92	10.0		117

Figures show total sales by local authorities to sitting tenants and include voluntary as well as RTB sales. The voluntary proportion is however negligible in comparison with RTB sales.

DOE Estimate the present number of tenants eligible, and able to afford, the Right to Buy to be some 1.1 million. This comprises 730,000 in houses and 340,000 in flats.

CONFIDENTIAL

B

EXAMPLE 1: LONDON

A tenant lives in a council house, worth the average London price of £60,000. He has been a tenant for 10 years, and therefore qualifies for a 40% Right-To-Buy (RTB) discount. He currently pays the London average rent of £21 per week. After deducting £5 for upkeep, the balance of £16 per week would support a mortgage of £7,800.

OPTION I

a. The tenant's mortgage will buy 7,800/60,000 or 13% of the property.

b. The free initial discount (RTB-10%) is 30% of the property.

c. The tenant's total stake is therefore 13%+30% or 43% of the property, worth £25,800.

d. The public sector has a charge of 57% on the property.

OPTION II

a. The RTB discount is worth 40% of £60,000, or £24,000. The RTB discounted price is therefore £36,000.

b. The tenant's mortgage will meet 7,800/36,000 or about 22% of the discounted price.

c. The tenant's total stake in the house is therefore about 22%, worth £13,000.

d. The public sector has a charge of about 78% on the property.

CONFIDENTIAL

CONFIDENTIAL

EXAMPLE 2: AVERAGE PRICE AREA (ENGLAND)

A tenant lives in a council house worth £30,000, the England average price. He has been a tenant for 25 years and has therefore qualified for a Right-To-Buy (RTB) discount of 55%. The tenant is paying the average rent for England of £18.50 per week. After deducting £5 for upkeep, the balance of £13.50 per week would support a mortgage of £6,600.

OPTION I

a. The tenant's mortgage will buy 6,600/30,000 or 22% of the property.

b. The free initial discount (RTB-10%) is 45% of the property.

c. The tenant's total stake is therefore 22%+45% or 67% of the property, worth £20,100.

d. The public sector has a charge of 33% on the property.

OPTION II

a. The RTB discount is worth 55% of £30,000 or £16,500. The RTB discounted price is therefore £13,500.

b. The tenant's mortgage will meet 6,600/13,500 or about 49% of the discounted price.

c. The tenant's total stake is therefore about 49%, worth about £14,700.

d. The public sector has a charge of about 51% on the property.

CONFIDENTIAL

CONFIDENTIAL

EXAMPLE 3: LOW PRICE AREA

A tenant lives in a council house in a low price area, worth £20,000. He has been a tenant for 30 years, and therefore qualifies for the maximum Right-To-Buy (RTB) discount of 60%. He currently pays rent of £17 per week. After deducting £5 for upkeep, the balance of £12 per week would support a mortgage of £5,850.

OPTION I

a. The tenant's mortgage will buy 5,850/20,000 or about 29% of the property.

b. The free initial discount (RTB-10%) is 50% of the property.

c. The tenant's total stake is therefore about 29%+50% or 79% of the property, worth £15,850.

d. The public sector has a charge of about 21% on the property.

OPTION II

a. RTB discount is worth 60% of £20,000 or £12,000. The RTB discounted price is therefore £8,000.

b. The tenant's mortgage will meet 5,850/8,000 or about 73% of the discounted price.

c. The tenant's total stake in the house is therefore about 73%, worth £14,600.

d. The public sector has a charge of about 27% on the property.

CONFIDENTIAL

SALES OF LA DWELLINGS TO SITTING TENANTS

ENGLAND

	Sales (,000) Houses	Flats	Receipts (£million)
1982-83	162.6	4.6	1,117
1983-84	100.8	5.5	921
1984-85	73.3	4.2	794
1985-86	68.1	4.1	843
1986-87	70.2	6.5	1,112
1987-88	83.3	11.5	1,549
1988-89	150		2,555
1989-90	145		2,915
1990-91	115		2,525
1991-92	101		2,440

SCOTLAND (SO cannot provide a flat/house breakdown)

	Sales (,000) Houses	Flats	Receipts (£million)
1982-83	11.8		102
1983-84	13.0		123
1984-85	11.7		119
1985-86	10.4		106
1986-87	10.9		120
1987-88	16.7		169
1988-89	25.0		219
1989-90	27.9		296
1990-91	22.5		245
1991-92	19.7		220

WALES

	Sales (,000) Houses	Flats	Receipts (£million)
1982-83	11.7	0.2	42
1983-84	14.2	0.2	55
1984-85	7.3	0.1	37
1985-86	5.2	0.1	28
1986-87	4.9	0.1	31
1987-88	5.6	0.2	49
1988-89	6.2		54
1989-90	8.0		80
1990-91	10.0		117
1991-92	10.0		117

Figures show total sales by local authorities to sitting tenants and include voluntary as well as RTB sales. The voluntary proportion is however negligible in comparison with RTB sales.

DOE Estimate the present number of tenants eligible, and able to afford, the Right to Buy to be some 1.1 million. This comprises 730,000 in houses and 340,000 in flats.

cc Skup

D

PRIME MINISTER 24 January 1989

FLEXI-OWNERSHIP

The meeting tomorrow involves two major issues:

(a) Whether to introduce flexi-ownership now or make it a Manifesto item or introduce it now but on an experimental basis in Wales and/or Scotland.

(b) The details of the precise form in which flexi-ownership should be introduced.

The second of these items, although technically complex, is dealt with well in the Cabinet Office paper. Now that they have sent an Annex, which clarifies the issue I have nothing to add.

The first item is more complicated. The basic idea of flexi-ownership is a good one. As the frontiers of government are rolled back, it is important that the potential for ownership is within the grasp of literally everyone in the country. This is an admirable objective to aim for. The case for it being introduced some time in the future is very strong. The case for it being introduced now however is really no different from it being included, in say, the Manifesto.

Some strong cons exist, however, for its introduction now:

(a) Right to buy sales are doing extremely well - almost as well as at anytime since they were introduced. Full ownership is preferable to part-ownership as it allows people greater capital accumulation and greater freedom

and responsibility. Also the receipts to the Treasury are not unimportant.

Introducing flexi-ownership now will almost certainly mean some potential council house buyers will switch to flexi-ownership.

(b) We have already introduced a number of initiatives in housing to help those unable or unwilling to buy - tenants choice and HATS. These need some time to work. What they show is that we are interested in improving the lot of tenants in every section of the housing market.

We need to give them time to work rather than target one particular group with yet another initiative.

(c) Because of our housing legislation last year and the proposed change to the housing revenue account, local authority housing departments are visibly overworked. They are already complaining that they cannot cope with so many changes in the field of housing.

We need to let things settle down and not add to their burden - otherwise they will certainly insist on demanding more manpower.

(d) Wales is not a special case with respect to any of these arguments. The Welsh economy is booming. Right to buy sales in Wales are doing well: they need to be allowed to run their course. (Annex A) Peter Walker has an excellent reputation as Secretary of State, not least because of his recent Valleys initiative.

In terms of the Welsh economy and the government's image in Wales, now is not the time to take another initiative.

Recommendation

(a) Welcome the idea as just the kind of initiative needed to spread ownership.

(b) Reject its implementation now, either in the UK as a whole or Wales and Scotland.

(c) Propose that it should be included in the Manifesto as an extremely useful item.

Brian Griffiths

BRIAN GRIFFITHS

ANNEX A

RIGHT TO BUY SALES: WALES

Period	Sales	Claims
1981	7920	27970
1982	16090	10290
1983	9230	7400
1984	5650	7860
1985	5620	7430
1986	5430	9700
1987	5660	11310
1988 (excluding 4th Quarter)	6280	20810

CONFIDENTIAL

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

23 January 1989

Dear Malcolm.

LOCAL GOVERNMENT AND HOUSING BILL : SCOTTISH PROVISIONS

You wrote on 8 and 22 December about the inclusion of Scottish provisions in the Local Government and Housing Bill, and we had a word about this at our meeting on Wednesday 18 January. I have also seen Nicholas Ridley's letters to you of 22 December and 12 January.

I am content with the general strategy of including in the Bill on introduction the minimum provisions that would be required to establish scope for the further material which you may wish to bring forward at a later stage. I note that, in any event, it will be necessary to establish scope for the essential provisions which are required in relation to the Scottish community charge.

A judgement on how much further material can be incorporated will need to be taken in the light of progress on the Bill. In particular, we will have to keep a very careful eye on the implications for the timetable motion, for similar reasons to those which we discussed on Wednesday in relation to the Water Bill. I should be grateful, therefore, if you would keep in close touch about the handling of the Scottish provisions which you would wish to include in those Bills.

I am copying this letter to the Prime Minister, members of E(LF) and L Committees and Richard Luce and to Sir Robin Butler, First Parliamentary Counsel and the First Parliamentary Draftsman for Scotland.

Yours ever

JOHN WAKEHAM

The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
London
SW1A 2AU

CONFIDENTIAL

Housing Policy Pt 14

CONFIDENTIAL

PA

PRIME MINISTER

FLEXI-OWNERSHIP: MEETING ON 25 JANUARY

You will recall that, given the pressure of other business, you decided to cancel a meeting on housing flexi-ownership in early December. The re-convened meeting is now scheduled for next Wednesday.

At the last meeting of Ministers in July, you commissioned further work on the various flexi-ownership and rents to mortgages schemes. Richard Wilson has had a difficult job in trying to pull the different threads together. This reflects the fact that there are still major disagreements and tensions between the Departments (and Ministers). He has managed to produce an agreed report, narrowing down the issues for decision.

The papers are:

Flag A - the agreed paper prepared by the Cabinet Office.

Flag B - some examples of how the two flexi-ownership schemes discussed in the paper would work out in practice.

Flag C - Richard Wilson's brief.

PAUL GRAY

20 January 1989

PM3AGW

CONFIDENTIAL

CONFIDENTIAL

CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-270

P 03339

MR GRAY

20 January 1989

FLEXI-OWNERSHIP AND RENTS TO MORTGAGES

My letter of 2 December 1988 covered a further paper by officials which is now to be discussed in the Prime Minister's group on 25 January.

Ministers may find it helpful to see the attached examples of how the two flexi-ownership schemes discussed in the paper would work out in practice, set out step-by-step. The tables compare the two options as they might apply to tenants in different areas. They are purely illustrative.

I also attach a revised version of Annex B to the paper circulated on 2 December. This includes some additional figures for Scotland and some corrections to the figures for Wales. None of the changes affects the conclusions drawn in the paper. I would be grateful if recipients of this letter could substitute the revised Annex for the original version.

I am copying this letter and its attachments to the private secretaries to the Secretaries of State for Wales, the Environment, Scotland and Social Security, the Chief Secretary, Treasury and the Minister for Housing, Environment and Countryside, and to Brian Griffiths.

R T J WILSON

Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

From the Minister

The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1

20 January 1989

Dear Nicholas,

LOW COST HOUSING IN RURAL AREAS

Thank you for sending me a copy of your letter of 11 January to John Wakeham. The problems of finding affordable rural housing are of considerable interest both to my Department and to me personally.

The issue is raised with me often when I tour the country on agricultural matters and also in my rural constituency where property prices have been rising fast. Therefore, I very much endorse any proposals aimed at finding further ways to facilitate lower cost housing provision in rural areas. It is important that our new policies for the rural economy are not hindered unnecessarily by lack of housing at reasonable cost; and it is clearly politically very important.

The Housing Corporation funding for schemes undertaken by rural housing associations can make a useful contribution to this and I was pleased to see that you are discussing with the Corporation the targets for later years. However, as you recognise, funding alone will not provide the answer and I was particularly pleased to see that you were proposing a further policy initiative through the planning system. I appreciate your reasons for not wishing to make it possible for authorities to grant permissions restricted to a particular form of tenure, or to, for example, housing associations and agree that the only way forward, within the existing legal framework, would be along the lines you suggest. I believe this will help to meet some of the concerns on this issue expressed by organisations such as Rural Voice, the Rural Development Commission, the NFU and the CLA.

/There are, however...

There are, however two points which could have a bearing on the success of this initiative and the reception it is given. First, I understand that an owner prepared to sell his land for less than the normal market price may find himself liable for tax on the full market value in some circumstances. It would obviously be a disincentive were that to happen but the arrangements you propose may avoid the problem, because the land concerned would command a market price below the full development value. Nevertheless, it might be as well to clarify this point with the Inland Revenue.

Second, is the question of explaining exactly, in the speech and subsequent guidance to local authorities, the sort of arrangements envisaged. Some of those who are keen to encourage low cost housing have expressed concern to me that some methods which have been considered at local level to facilitate such housing may not be legally possible. There is clearly still uncertainty among planners. It will, therefore, be important that the details of the initiative and the examples are clear so that all concerned understand what is and what is not achievable.

Bearing these points in mind, I do hope that you will be able to make an early announcement along the lines you suggest. I would be grateful if your officials could keep in touch with mine over timing because I am sure it will be of considerable interest to the farming community. For this reason I propose to make a supportive statement timed to fit in with your announcement, the text of which I will, of course, clear with you.

I am copying this letter to the Prime Minister, John Wakeham, other members of H Committee and to Sir Robin Butler.

Yours ever,

JOHN MacGREGOR

Housing Policy
Pt 14

chex.ul/dis.ph/6



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

19 January 1989

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

Dear Nick

LOW COST HOUSING IN RURAL AREAS

I have seen your letter of 11 January to John Wakeham, and the comment from the Prime Minister's office dated 16 January.

We have had a word about this. I accept that there is a genuine problem here, and that your proposed solution, provided it leads to an additional supply of housing land, is attractive, but I am concerned about the practicality of the scheme. I see little difficulty if the additional land in practice went to housing associations, within planned provision by the Housing Corporation. However, if the housing were sold for owner-occupation there must be a risk of abuse, effectively at the expense of the original landholder and of local people. (On the other hand, the more tightly any restrictions are drawn, the more risk there is of locking the owners into an asset which could be hard to sell.)

For these reasons, the details of your proposals need very careful consideration and any scheme would need to be closely monitored. Subject to these points, I would be content for you to make your proposed statement.

I am copying this letter to the Prime Minister, to the members of H, to John MacGregor and to Sir Robin Butler.

Yours ever

NIGEL LAWSON

Housing Policy
Pt 14



HOME SECRETARY

QUEEN ANNE'S GATE LONDON SWIH 9AT

19 January 1989

Dear Nicholas,

LOW COST HOUSING IN RURAL AREAS

Thank you for sending me a copy of your letter to John Wakeham dated 11 January.

I agree strongly with your analysis of the acute difficulties which are now faced by local people in many parts of rural England in securing adequate housing in their own villages and districts. These people include many of our supporters. It is therefore both right in principle and politically desirable to take an initiative of the sort which you propose.

I agree with you that land released specifically for the building of low-cost housing should be additional to land released for general housing provision. Your plan to provide extra low-cost housing for local needs is one which I warmly support.

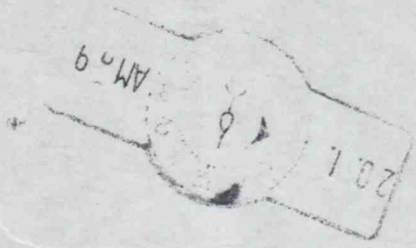
I am copying this letter to the Prime Minister, to other members of H Committee, to John MacGregor and to Sir Robin Butler.

Yours,

Douglas

The Rt Hon Nicholas Ridley, MP
Secretary of State
Department of the Environment

Housing: Policy Pt 14



SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

CCPO (Letter only)

Dominic Morris Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

17 January 1989

Dear Dominic,

HOUSING SUBSIDY FOLLOWING DISPOSALS OF STOCK

In your letter of 21 December, you confirmed the Prime Minister's agreement to the basis for consultation on our proposals on housing subsidy following disposals of local authority stock. We have today published a Consultation Paper setting out the agreed proposals, of which I enclose a copy.

I am copying this letter and the consultation paper to the Private Secretaries to the other members of E(LF), to the Attorney General and to Sir Robin Butler.

Yours,

Deborah.

DEBORAH LAMB
Private Secretary

HOUSING: POLICY PT14

HOUSING SUBSIDY FOLLOWING DISPOSALS OF STOCK

A CONSULTATION PAPER

For comment by 28 February 1989
to:
LOCAL AUTHORITY HOUSING
FINANCE DIVISION,
ROOM N10/09, 2 MARSHAM STREET,
LONDON, SW1P 3EB
or
HOUSING DIVISION A,
WELSH OFFICE, CATHAYS PARK,
CARDIFF, CF1 3NQ

Department of the Environment

Welsh Office

17 January 1989

HOUSING SUBSIDY FOLLOWING DISPOSALS OF STOCK

A CONSULTATION PAPER

For comment by 28 February 1989
to:
LOCAL AUTHORITY HOUSING
FINANCE DIVISION,
ROOM N10/09, 2 MARSHAM STREET,
LONDON, SW1P 3EB
or
HOUSING DIVISION A,
WELSH OFFICE, CATHAYS PARK,
CARDIFF, CF1 3NQ

Department of the Environment

Welsh Office

17 January 1989

HOUSING SUBSIDY FOLLOWING DISPOSALS OF STOCK

A CONSULTATION PAPER

Introduction

1. The Parliamentary Under Secretary of State, Department of the Environment (Mrs Roe) announced on 11 February 1988 during Standing Committee on the Housing Bill that a review was to take place of the housing subsidy system as it applied to large scale disposals of stock, such as those to Housing Action Trusts, and promised that local authorities would be consulted on any proposed changes. This paper seeks views on the outcome of that review.

2. There could be two main sorts of large-scale disposals in the near future: voluntary disposals of the whole of a local authority's stock to a housing association or private landlord; and partial, but substantial, disposals of stock as a result of the establishment of Housing Action Trusts (HATs), through the operation of the Tenants' Choice provisions of the Housing Act 1988 or voluntarily by an authority. In addition, individual sales of dwellings by local authorities, whether under the Right to Buy (RTB) or otherwise, are likely to continue in significant numbers.

3. This Consultation Paper sets out the Government's proposals for amending the present housing subsidy system to take better account of these disposals of stock. The intention is that the changes would operate from 1 April 1989. It is, in any case proposed to change the basis of housing subsidy with the introduction of the New Financial Regime in April 1990 (see New Financial Regime for Local Authority Housing in England and Wales, A Consultation Paper, issued 27 July 1988), and the proposals contained here are consistent with that document.

The Present System

4. The Housing Act 1980 General Determination of Reckonable Expenditure sets out the present basis for the calculation of an authority's housing subsidy following disposal of stock. It provides that, when dwellings are sold, three adjustments are made which affect the authority's entitlement to subsidy. First, the authority's reckonable expenditure on loan charges is reduced by an amount equal to 65% of the sale price. Because all sales are assumed for this purpose to be made (in effect) at the mid-point in the year, the reduction is deemed to have been incurred on 1 October in the year of sale. Second, it is assumed, for management and maintenance purposes, that the property has been removed from the housing stock, effectively again at the mid-point of the year of disposal. Third, although there might no longer be any outgoings, an allowance is made for lost rental income, also effectively making the assumption of a mid-year sale.

Problems with the Present System

5. The system described above was not designed to cope with large-scale disposals of housing stock, and can lead to anomalous housing subsidy entitlements for particular authorities, sometimes causing windfall gains in subsidy and sometimes imposing additional costs on an authority. The main reasons these outcomes are possible are:

(i) subsidy works mainly on notional, not actual changes; it follows that, when a group of dwellings is sold, the change in subsidy will rarely equate to the actual changes in income and expenditure in the Housing Revenue Account (HRA);

(ii) furthermore, housing subsidy entitlement is not a "zero-based" calculation; each year the previous year's entitlement is taken as a starting point and additions or subtractions are made in respect of largely notional changes in income (e.g. from rents) and expenditure (e.g. on management and maintenance).

(iii) thus, subsidy might continue to be paid where a local authority has no further expenditure on dwellings which have been disposed of, or be nil where expenditure continues on loan charges on debt not paid off by the proceeds of a sale.

This situation can clearly be inequitable between authorities which dispose of their stock. It also makes for an irrational sharing of costs between central and local government.

6. With these considerations in mind, the Government has reviewed the operation of the housing subsidy system with the aim of achieving a more equitable and rational mechanism for taking account of disposals.

Proposals for Change

7. The Government therefore proposes to introduce from April 1989 a new two-part system of subsidy, in which:

(i) in respect of dwellings remaining in a local authority's stock, housing subsidy would continue to be paid under the existing rules until 31 March 1990 and under the new financial regime from 1 April 1990; and,

(ii) in respect of any dwelling sold by an authority from 1 April 1989, subsidy, to be known as "residual debt subsidy" (RDS), would be paid only in respect of loan charges on any notional residual debt related to the dwellings sold. For the purposes of the subsidy calculation, it would be assumed that an authority had used the entire receipt from sales to redeem existing housing-related loan debt on the dwellings in question. Because internal debt is normally pooled, it is proposed that net average debt per dwelling would be taken in the calculation. This would mean that the debt on which RDS was payable would be calculated by deducting the receipts from all qualifying sales from the authority's outstanding loan debt on all the properties concerned. The

Government would be interested to hear views, however, on whether for partial disposals internal debt could instead be apportioned by any other yardstick.

8. It is proposed that these rules would apply to all disposals of local authority housing stock after 1 April 1989. The effects of applying the new rules to different types of sale will vary because of the different proportions that sale price, average outstanding loan debt, rental income and management and maintenance costs represent. This is discussed further in paragraphs 10-15 below.

Relationship with the New Financial Regime

9. The Government intends that the principles underlying the proposed new subsidy rules for disposals should be carried forward into the New Financial Regime for local authority housing. The mechanism by which this would be achieved would be to transfer any notional residual loan debt related to the disposed dwellings out of the Housing Revenue Account. That would be consistent with the proposals for ring-fencing the HRA under the New Financial Regime. RDS would be granted to an authority towards the loan charges on the notional residual debt and the authority would not be permitted to credit it to the HRA. The balance of the charges would need to be met from the General Fund.

(a) Whole Stock Disposals

10. Some authorities currently propose to dispose of their entire stock to a housing association or private landlord. In the case of such voluntary disposals, subsidy would be calculated only by reference to paragraph 7 (ii) above. If, therefore, an authority in subsidy sold its entire stock for a price which exceeded its debt related to that stock, it would no longer receive any subsidy (other than any adjustments in respect of previous years). If the sale price was less than

the outstanding debt, then residual debt subsidy would be paid in future on the residual debt at a rate to be set out in determinations. Likewise, an authority previously out of subsidy, but which sold its entire stock for less than the outstanding debt attributed to those dwellings, would now receive RDS on the loan charges for the residual debt. The effect of the proposals is therefore to reduce some windfall gains and moderate any losses in subsidy. They would thus provide a more rational level of Exchequer assistance for authorities selling their entire stock for less than the outstanding housing-related debt.

(b) Other Bulk Disposals

11. The proposed changes to the subsidy rules would apply to other bulk, partial disposals of stock as well as to whole stock disposals. This would include disposals to the proposed Housing Action Trusts (HATs), under the Tenants' Choice provisions of the Housing Act 1988,or other sales of more than one dwelling. Particular explanation is needed of how the proposals would work for HATs.

12. On 11 July 1988, the Government announced proposals for Housing Action Trusts (HATs) in six authorities - the London Boroughs of Lambeth, Southwark, and Tower Hamlets, and Leeds, Sandwell and Sunderland. Final decisions on HAT areas have yet to be made. The value of the stock to be transferred to HATs cannot, therefore, be settled. However, in any instances where the disposal price is insufficient to redeem the whole of the debt which will be apportioned to the dwellings transferred, the local authorities concerned would, under the Government's proposals, be entitled to residual debt subsidy on the loan charges on any such debt that remained.

13. Those local authorities where it is proposed to create a HAT which are currently receiving subsidy would have a lower total subsidy entitlement under the changes proposed than they would have done if the dwellings had not been disposed of to a HAT. There will be changes in the authority's rental

income, management and maintenance and loan charges expenditure consequent upon the disposal to a HAT, but the net savings from these may not be sufficient to offset the reduction in subsidy entitlement. Unless met from some other source, this loss could, in theory, lead to rent increases for the remaining tenants over and above those which would otherwise have taken place.

14. The Government intends that no additional costs should fall on the remaining tenants, and therefore proposes that any such costs should be met by the Exchequer by means of a 'safety net'. The safety net would be applied, if necessary, to all local authorities in which a HAT is created, whether or not the authority is currently receiving main housing subsidy. The safety net payment would be calculated as follows:

Net savings/costs to HRA

SAFETY NET Payment	=	Subsidy entitlement if no transfer to HAT	—	Subsidy* entitlement following transfer to HAT	— [	Reduction in M&M	+	Reduction in total loan charges	— Lost Rental Income]

15. This safety net payment would be re-calculated on an annual basis, using the notional increases in rent and M&M applied to main housing subsidy. The Government's intention in introducing such a safety net would thus be to ensure that none of the authority's remaining tenants or ratepayers suffered financially as a result of the transfer of stock to a HAT.

---

* Main Housing Subsidy payable on remaining stock, plus Residual Debt Subsidy in respect of any outstanding debt on transferred stock. It is hoped that it will be possible to base the calculation of the three HRA items in the above formula on actual figures from authorities relating to the HAT dwellings.

c) *Right to Buy Sales*

16. It is proposed that the new subsidy rules for disposals of stock should apply to sales under the Right to Buy, as well as to all other individual sales. The effect on the subsidy entitlement of an individual authority will depend upon the combination of sale price, number of sales, and outstanding debt apportioned to the dwellings sold. Generally, however, it is expected that the impact of the proposals on the subsidy entitlement of individual authorities is likely to be insignificant when averaged over all individual sales during the 12 month period for subsidy purposes.

Rate of Subsidy

17. The Government has in mind that residual debt subsidy under the proposed new rules should, in general, continue to meet the proportion of housing costs which it has traditionally met, 75%. This rate of RDS would therefore apply to sales under the Tenants' Choice provisions of the Housing Act 1988, under the Right To Buy, and in respect of individual sales to tenants or other purchasers. Except in the case of HATs (see paragraph 18, below), the Government proposes that for all other sales (ie. voluntary sales of stock to other landlords), the rate of RDS would be 90%. In Wales, the Secretary of State for Wales proposes that RDS should be 90% in all cases. The remaining percentage would thus fall to be met from the authority's own resources, without assistance from rate support grant (or revenue support grant from 1990). This arrangement would ensure that any authority has a financial interest in obtaining the best sale price and in taking management decisions which maintain the value of the stock in advance of disposal. Views are invited from authorities on the proposed rates of subsidy in different circumstances and areas.

18. Different considerations apply in the case of authorities in which it is proposed to create a HAT. This is because the transfer of stock from local authorities to HATs will take place only if the Secretary of State makes a transfer order.

Transfers will be on such terms as the Secretary of State thinks fit, following the procedures set out in sections 74-75 of the Housing Act 1988. The 'safety net' payment proposed in paragraph 14 above, alongside the proposed residual debt subsidy, means that any net losses incurred by these authorities as a result of the transfer of stock to a HAT would effectively be subsidised at a rate of 100%.

Date of Sale

19. The present adjustments to entitlement to subsidy on disposals all assume in effect that these take place at the mid-point of the financial year (see paragraph 4, above). This means that an authority would gain some benefit if a sale takes place towards the end of the year: they would then be credited in the year of sale with the loss of half the rent income less half the expenditure on loan charges and M&M, although the actual net loss would often be less than this. Basing the adjustments in subsidy entitlement on the remaining stock on the actual date of sale would mean that these adjustments would be derived from the proportion of the financial year for which the dwellings remained in the authority's ownership. For a sale on 31 March the subsidy effects would occur in the year following sale; if on 1 April, the effects would occur in the year of sale.

20. It would be a complex administrative task to move to an actual date of sale system for all disposals. Therefore it is proposed that sales of individual properties will continue to be assumed to have taken place at mid-year, but for all other sale, the actual date of sale would used in the subsidy calculation.

Implementation of the Proposals

21. Following consultation, the Government envisages introducing legislation in the 1988/89 session of Parliament to amend the 1985 Housing Act. In order to ensure that the new

subsidy arrangements can take effect from the beginning of the next financial year, the legislation would provide for the new rules to operate retrospectively, from 1 April 1989.

Consultation Arrangements

22. The Government invites comments upon these proposals, if possible by 28 February 1989. Letters should be addressed to the Local Authority Housing Finance Division (LAH), Department of the Environment, Room N10/09, 2 Marsham Street, London, SW1P 3EB, or to Housing Division A, Welsh Office, Cathays Park, Cardiff, CF1 3NQ. It would be helpful if the two Departments could be told whether copies of letters have been sent to the other. Further copies of the consultation paper may be obtained from the Department of the Environment at the above address (telephone: 01 276 4748).

23. Those who wish their responses to be made publicly available are asked to provide four extra copies for this purpose. (Otherwise, the Departments do not undertake that responses will be released.) Unless respondents indicate that they wish their responses to be made available, the Departments will assume that they wish them to be treated as having been given in confidence. Summaries of views of individual respondents, may, however, incorporate such responses.

CONFIDENTIAL

FILE MJ

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

16 January 1989

Dear Roger

LOW COST HOUSING IN RURAL AREAS

The Prime Minister has seen a copy of your Secretary of State's letter to the Lord President.

The Prime Minister strongly agrees with your Secretary of State that it would not be right to make it possible for local authorities to grant planning permission restricted to particular forms of tenure or particular types of developer. As to the basis on which your Secretary of State proposes to go forward, she has commented that the guidance should make clear that if extra housing is made available and sold at a low price there would need to be restrictions on its resale for a certain period of time. Your Secretary of State's proposed speech and subsequent guidance to local authorities would also need to emphasise the point that planning permission must not differentiate between particular types of tenure or developer and must not be at the expense of other land designated for housing. It will also be important to make clear to housing associations (who, as your Secretary of State recognises, are those most likely initially to want to take advantage of relaxations granted by local authorities) that they should not expect their participation in such activity to lead to increased funding provision from Government. In short, the Prime Minister feels that your Secretary of State's proposal is worth an initial try but that it contains a number of potential pitfalls and will need careful monitoring in practice.

I am copying this letter to the Private Secretaries to the other members of H Committee, Shirley Stagg (Ministry of Agriculture, Fisheries and Food) and to Trevor Woolley (Cabinet Office).

Yours ever

Dominic

Dominic Morris

Roger Bright Esq
Department of the Environment

KK

JD3BRS

PRIME MINISTER

LOW COST HOUSING IN RURAL AREAS

Mr. Ridley's attached letter proposes the issue of new guidance to local authorities to release extra land, over and above land already designated for housing, especially for low cost housing. This idea makes use of the differential between the value of the land for agricultural purposes and its value with full planning permission.

I have discussed this with Brian Griffiths who agrees with me that, because of the lower land cost to developers they may in fact be prepared to accept the sort of restrictive covenants which would ensure that the housing remained low cost (at least in its early years). The other potential advantage is that for a given price there might be more money available for better design of the housing units.

There are two potential drawbacks. The first is that in the early stages it is likely to be housing associations in the main who would try to take up the opportunity offered, and this will increase the pressures they place on the public funds available to them. But so long as Mr. Ridley makes clear in his speech outlining these proposals that this must be within their existing provision, that is not an insuperable difficulty.

The second and more important concern is that this could be the thin end of the wedge in giving local authorities scope to discriminate between particular types of developer. Mr. Ridley recognises this risk, but his speech and subsequent more detailed guidance to local authorities will need to major on the point that planning permission must not differentiate between particular types of tenure or developer, and must not be at the expense of other land designated for housing. It will need careful monitoring in practice.

But subject to these caveats, content for Mr. Ridley to make the announcement as he proposes?

DM

13 January, 1989.

Full of pit-falls - but worth an initial try. NR

CONFIDENTIAL

cc PM

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB

01-276 3000

My ref:

Your ref:

The Rt Hon Malcolm Rifkind QC MP
Secretary of State
Scottish Office
Dover House
Whitehall
LONDON
SW1A 2AU

NBPM
PRIG
12 January 1989

Dear Malcolm

Plap PT13

Thank you for your letter of 22 December seeking agreement to the extension to Scotland of two more of the housing measures to be included in this Session's proposed Local Government and Housing Bill.

As I explained in my letter of 22 December, I am under great pressure to keep down the size of this Bill. However, it does seem sensible that the two particular provisions to which you refer - the declaration that housing authorities are not required to keep a housing stock, and a specific power to assist agency services schemes - should be extended to Scotland. I am therefore content for them to be added to the Bill, if necessary by way of Government amendment.

In respect of all the Scottish provisions that we have agreed should be included in this Bill, your officials should ensure that they instruct the Lord Advocate's Department to draft the measures in consultation with Parliamentary Counsel.

I am copying this letter to the Prime Minister; to members of E(LF); to the Lord President and members of L Committee; to David Waddington and to Sir Robin Butler.

Yours ever

Nicholas

NICHOLAS RIDLEY

Housing : Policy Pt 4.



SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

The Rt Hon John Wakeham MP
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1

11 January 1989

Dear John

LOW COST HOUSING IN RURAL AREAS

There is growing concern, both in rural communities and among our own supporters, about the difficulties which local people on modest incomes often face in securing adequate housing in their own villages and rural areas. In many of these areas the combined effects of increased long-distance commuting, purchases for retirement and second homes and council house sales have tended to dry up the supply of rented accommodation and low cost housing for sale.

We have already announced an increase in the Housing Corporation's funding for schemes undertaken by rural housing associations. We have agreed with the Corporation that they will bring forward to 1989/90 their target of 600 approvals for new rented housing association homes in small villages: the number of approvals will have almost quadrupled between 1987/88 and 1989/90. I am discussing with the Corporation targets for later years, and will make a further announcement shortly. But I believe a further policy initiative is needed through the planning system to facilitate low cost housing provision, both by housing associations and private developers. This letter sets out my thinking and proposes an early announcement.

Our general advice to planning authorities places great emphasis on the need to ensure that adequate land is allocated for all types of housing demand and that sufficient land is actually available for foreseeable development needs over a 54 year period. But this in itself is not necessarily enough to secure the provision of low cost housing, particularly against the background of the recent substantial increase in the general level of housing prices. Planning permissions do not differentiate between housing schemes in terms of tenure or price: once a planning permission is given, the value of the land in question tends to be determined by the general owner-occupier market. As a result of the boom in house prices recently caused by increasing prosperity, land values are often too high to make low cost development feasible.

100% RECYCLED PAPER

What is needed is a way of introducing into the housing land market a means of identifying sites specifically for low cost housing schemes, so that their value is determined by the economics of those schemes, rather than by their potential for other types of housing development. The value of such land would be significantly below that of land released for normal speculative development; but it could still be well above agricultural value. Sales for low cost housing schemes could thus be an attractive proposition for landowners, so long as they did not believe that they could hope to sell for other types of housing development.

One approach to this problem would be to make it possible for authorities to grant planning permissions restricted to a particular form of tenure, or specific to a particular type of developer, eg housing associations. I do not favour this approach: it would require primary legislation and it would run counter to the long-established principle that planning controls are concerned with the use of land and not directly with questions of tenure or with the identity of the developer. There would be scope for politically motivated abuse of the planning system if we were to give planning authorities a general power to restrict planning permissions in such ways.

The approach which I favour would operate within the existing legal framework. Essentially we would be giving planning authorities the following guidance:-

i) development plans must continue to make adequate provision for housing demand of all kinds: authorities should not restrict their general provision in order to give priority to a particular type of demand;

ii) the need for low cost housing to meet local needs can however be a material consideration which would justify the release of additional land for housing, over and above the general provision in the development plan;

iii) where such additional releases are contemplated, authorities must satisfy themselves that suitable legal or other arrangements are made to ensure that this low cost housing is made available for local needs and not subsequently turned into housing for sale at market prices.

I believe an announcement on those lines would prompt many landowners to offer land at cheap prices for local needs and encourage rural authorities to consider the release of small sites - eg infill sites or sites on the periphery of villages - which would not otherwise be released and would represent a net addition to housing provision in the area. The kind of arrangement which would satisfy the "local needs" criterion would be the involvement of a village trust or housing association with a suitable lettings policy, perhaps giving the local authority nomination rights; or legal agreements between the landowner, the developer and the

planning authority to give priority to first-time buyers in the locality, both initially and on subsequent resale. It would be for the planning authority to satisfy itself as to the adequacy of these arrangements.

The concept of additionality is crucial to the policy. Only if we insist that land released for low cost schemes is additional to the provision for general housing demand can we be confident that authorities will not use the policy as an excuse for restricting general housing development. and, of course, the advantages of a reduced land price will be realised only if land released for this purpose is recognised as being exceptional and additional to the general provision.

I am aware of the possibility that, by introducing the concept of "local needs" into planning policy, we risk introducing an element of bias into planning decisions and decisions over the allocation of housing. But I do not believe that these risks are any greater than those which already arise in respect of local authority and housing association allocation practices (indeed, many of the developments in question would very likely be undertaken by housing associations). There is already a groundswell of opinion, among those concerned for rural areas, that arrangements along these lines are needed. Various methods are already being developed at the local level and there is a risk of confusion. A statement along the lines that I propose would introduce some order into this situation: it would make clear to authorities what kind of policy we consider acceptable and would define the area where we see legitimate scope for planning policies designed to promote low cost housing.

Though the numbers of additional houses provided might in total be relatively small, the effect could be significant for many rural communities and I believe that an initiative on these lines would be warmly welcomed by many who are concerned about rural housing problems.

I should like to make an early announcement on the lines of the draft at Annex A. The announcement is necessarily in technical language; I would propose that either Michael Howard or I should accompany the announcement with a speech in which we would flesh out the details of the initiative and give examples of the sort of arrangements we would be happy to see developed. This will be an important and welcome statement and it should be made at a time when no other announcements are likely to overshadow it.

I am copying this to the Prime Minister, to other members of H Committee, to John MacGregor and to Sir Robin Butler.

NICHOLAS RIDLEY

ANNEX A

Draft Arranged PQ

To ask the Secretary of State whether planning authorities in rural areas can properly take account of local needs for low cost housing in drawing up local plans and deciding planning applications; and if he will make a statement.

Draft Answer

In preparing their local plans authorities must ensure that adequate provision is made, consistent with the structure plan, for housing demand of all kinds. As was made clear in Circular 1/85, planning controls are concerned with the use of land rather than the identity of the user. The question of who is to occupy premises for which permission is to be granted will normally be irrelevant. Planning conditions should not, therefore, normally be used to restrict permissions for new housing to a particular form of tenure or a particular category of occupant.

I recognise, however, that in some rural areas there are genuine difficulties in securing an adequate supply of low cost housing for local needs. In such areas the existence of arrangements made by the developer, or between the developer and the landowner or the local authority, to ensure that new low-cost housing is made available for local needs could be a material consideration which the authority would take into account in deciding whether to grant planning permission. Such considerations might be particularly relevant to the release of small sites within or adjoining existing villages which would not otherwise be allocated for new housing.

Since planning conditions cannot normally be used to implement restrictions on tenure or occupancy, the planning authority would need to satisfy itself before granting planning permission that other secure arrangements to that effect would be made. Examples of such arrangements might be the involvement of a village trust or housing association with a suitable lettings policy; or covenants designed to give priority to first-time buyers from the locality, both initially and on subsequent resale; or an agreement between the planning authority and the developer under S.52 of the Town and Country Planning Act 1971.

Local plan policies should make clear that the release of such sites to secure provision of low-cost housing for local needs will be additional to the provision made in the plan for general housing demand. The objective is to ensure that housing provided specifically to meet particular local needs is made available only for that purpose, recognising that such requirements may justify the release of land that would not normally be allocated to meet general housing demand. It should be made clear that land allocated in the plan to meet general housing demand will not be confined to local needs only, and planning permission for such land should not be refused on the grounds that the developers or landowners are not prepared to enter into arrangements to secure provision for local needs.

The case for releasing additional land which would not normally receive planning permission for housing, in order to secure provision of low-cost housing for local needs, will be essentially a matter for local judgement. Where a planning authority refuses permission for such development, and the matter goes to appeal, I and my Inspectors will bear in mind the essentially local nature of the decision, though each case will be considered on its merits.

PM.

ST. ANDREW'S HOUSE
EDINBURGH EH1 3DG

Deborah Lamb
Private Secretary to
the Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON

10 January 1989

Dear Deborah,

PRIVATISATION OF COUNCIL HOUSING

Mr Rifkind has now seen your Secretary of State's letter of 22 December to the Chief Secretary, proposing that local authorities be advised to adopt a simple majority vote procedure as the basis for deciding whether to submit proposals for voluntary disposal of council housing for Government approval.

Against the background of controversy which has built up in response to the Torbay case Mr Rifkind agrees that it is necessary to prevent the voluntary disposals policy from being undermined by continuing criticism about unfair voting methods.

My Secretary of State's suggestion, in his letter of 14 December, that only objectors be invited to express their views, was put forward in response to colleagues' concern about Mr Ridley's original proposal to approve the Torbay disposal. Its particular aim was to clarify the veto poll nature of the policy on voluntary disposals.

The veto poll method has the practical advantage of not counting apathetic tenants as opponents of disposal. Mr Rifkind appreciates, however, that the controversy over Torbay may have soured the atmosphere to the point where it is no longer tenable to advocate the veto poll approach as a general rule.

As Mr Ridley anticipates, my Secretary of State would not wish to adopt an approach which was apparently less favourable to tenants in Scotland than in England. Accordingly he too would propose to advocate a simple majority vote in any supplementary guidance given to Scottish Homes and Scottish local authorities.

Mr Rifkind is content with your Secretary of State's proposed response to Torbay Council.

ADH009L1

Copies of this letter go to the Private Secretaries to the Prime Minister, the Chief Secretary, Mr John Moore, Mr Peter Walker and Sir Robin Butler.

Yours ever,

David.

DAVID CRAWLEY
Private Secretary

d

ADH009L1

Housing - Policy Pt 14



Professor Griffiths

It never seems to get to the point, either in explaining why mortgages are bad, or how development leases would improve things

AT 22/2

R 21/2

I agree. BG. 22/2

P&O

With the Compliments of

Sir Jeffrey Sterling, C.B.E.
Chairman

I thought the attached might be of interest

The Peninsular and Oriental Steam Navigation Company
79 Pall Mall, London SW1Y 5EJ
Telephone: 01-930 4343 Telex: 885551 Fax: 01-930 8572



35 Alva Street
Edinburgh EH2 4PS
031-225 3033

VIVIAN LINACRE
Consultant Valuers & Development Surveyors

SIR JEFFREY: FOR YOUR FURTHER INTEREST!
VIVIAN

HOME - TRUTHS

THE COMMERCIAL SOLUTION TO THE HOUSING CRISIS

by Vivian Linacre

January 1989

V. T. Linacre Fellow of the Incorporated Society of Valuers and Auctioneers
Member of the International Real Estate Federation
Member of the British Council of Shopping Centres
Member of the Society of Property Researchers

Part I - "EXPLODING THE MYTHS OF HOME-OWNERSHIP"

1988 passed without a murmur of complaint from the building societies, while they repossessed 23,000 homes throughout the UK. Nor did they protest as house-prices soared by 33%, causing anguish among frustrated buyers and national economic havoc. Yet they have greeted 1989 with dire warnings of increased homelessness and damage to confidence in home-ownership consequent upon the raising of interest rates.

Why this sudden access of public-spiritedness? Might it be that in a booming market they could exercise forfeiture without risk of a loss on resale (after allowing for the heavy cost of deferred revenue and administrative expenses) whereas in the present doldrums they cannot? Even if they could afford to repossess on a massive scale, the harm to public relations would certainly be catastrophic.

The essential fact is that building societies have always benefited from inflation of residential property values, which justifies maximum advances in anticipation of improving security through the occupiers' accumulation of equity. So now they blame the Chancellor for the plight of those caught by the tail of the boom, whom they have encouraged to over-borrow.

Their short-sightedness is indeed astounding. Ignoring the lessons of 1971-73, the house-purchase market has remorsely continued to divert investment away from productive industry while neglecting more than half the households in the UK - comprising those of modest means as well as the rapidly expanding categories outside the traditional family unit.

Furthermore, deflation in house-prices had already been signalled by the Chancellor's policy of stealthily dismantling mortgage-interest tax-relief, which for far too long has artificially subsidized house-purchase at the expense of the rest of the community and ultimately - as the current cycle once again demonstrates - at the expense of the purchasers themselves.

There are only two things wrong with the near-monopoly of the building societies in fixing mortgages ... THEY ARE NOT BUILDING SOCIETIES AND THEY ARE NOT MORTGAGES! The financial conglomerates of today are poles apart from the cooperatives formed last century for the purpose of actually building houses for their members; whilst the personal loans advanced against the security of the title-deeds to the homes of the borrowers have nothing to do with proper mortgages which would be charges attached to the title-deeds and directly transferable on resale. (The same criticisms apply to the 20% of the market commanded by the banks, from whom, incidentally, dispossession figures are not available.)

What a grossly inefficient system it is, that requires each vendor to liquidate the outstanding loan and apply afresh to finance the simultaneous purchase; involving universal delays and chains of transactions and shocking amounts of fees for societies and surveyors! There is no reason - especially following the deregulation of the whole securities market - why houses should not be quickly bought and sold, subject to and with the benefit of one or more outstanding mortgages, as is common for commercial as well as residential property in other countries, leaving the credit-worthiness of the mortgagor as a separate question for the satisfaction of the mortgagees. It is scandalous that our legal and estates professions have taken no initiative to effect the necessary reforms.

So the public, politicians and media alike, have for half a century been taken in by this colossal confidence trick - this presumption that the best means of providing for home-ownership is through so-called building society mortgages - which itself is the product of an even more stupendous confidence trick: the presumption that home-ownership provides the best means of housing the population. Accordingly, millions of purchasers each year solemnly enter into mortgage contracts for ten or twenty years or longer, although the average life of all such is less than six years; and we dignify them with the status of 'owner-occupiers', although they are practically life-tenants of building societies. Since the vast majority do not finally pay off a mortgage until close to retirement, they remain strictly 'first-time buyers' throughout!

It is imperative that we rid ourselves of these chronic illusions concerning the nature of mortgages and the role of building societies before we can even study objectively the nation's ever-deteriorating housing problem. In the liberal economic climate and consumerist society generated by this government, it is surely intolerable to be crippled by a housing system operating so restrictively and performing so lamentably. My purpose is not iconoclastic, therefore, but rather to review the whole scene afresh and disinterestedly, to devise a solution which will:

(a) eliminate the inflationary pressures from the present reliance on scarcity to drive up prices, plus reliance on short-term interest-rates, that can only intensify either the prices rises (if low) or the scarcity (if high); and

(b) cater for the entire potential market by means of alternative tenures, funding methods and diverse types of dwelling.

Part II - "THE SOVEREIGN REMEDY"

The need is all the more vital because the sheer scale and proliferation of the whole problem are scarcely recognized. 'Housing' as a universal topic means the 'evils' of estate agency and gazumping, BES schemes and DHSS squats, vandalism in municipal ghettos and building on the green belt ... with little thought for the real issues of:

(i) the falling national inventory measured by the accumulating annual deficits between new building and the accelerating obsolescence of our pre-1914 stocks and post-1939 blight [a recent RICS survey found that more than 200,000 houses are falling into serious disrepair each year, whilst only 15% of grants are spent on improvements to houses in the worst condition];

(ii) the lack of versatile housing in derelict central areas (the key to urban renewal);

(iii) the lack of expertly managed units for one- and two-person households (which now account for more than half of all the households in Britain!);

(iv) the death or depletion of rural communities for lack of appropriate developments;

(v) the immobility of labour between the regions caused by the rigidity of both the mortgage system and municipal tenancies;

(vi) the growth of 'hidden homelessness' measured by sharing and doubling up among both the young and the old, caravans becoming permanent homes, multiple sub-lettings in immigrant communities, etc.

In the short-term, the Landlord and Tenant Act 1987 and Housing Act 1988 will certainly help, as will the diminution of mortgage interest tax relief and government's support for housing associations. In the medium-term, my proposal for reform of mortgage conveyancing is highly desirable. But in the longer-term the only solution to the real issues is a vast expansion of new development for renting on a proper leasehold basis, employing long-term institutional finance and professional estate management services. This is the sovereign remedy to the British housing malaise, which otherwise could prove fatal to our social fabric.

The private rented sector, which until 1914 housed 90% of the entire population, has now dwindled to a paltry 8% as a result of the Rent Acts and consequent emergence of municipal housing in the public sector and speculative development for sale by private builders. That residue of Victorian landlordism can never be revived as a major force, because - except for a few trusts and metropolitan estates - it is largely confined to individual owners of old properties and it is too susceptible to abuse and political prejudice. What I am advocating, therefore, is an effective replacement for that vestigial sector. Another incidental purpose is to assist housing associations in their historic task of replacing local authorities as the means of providing 'social' housing.

But the principal purposes, as indicated earlier, are

(A) to restructure the housing industry by creating a viable alternative to mortgage-based house-purchase,

ensuring a plentiful supply of readily accessible housing throughout Britain and so eliminating the cycle of boom and slump - not only by virtue of introducing a new competitive sector but also by virtue of its long-term investment orientation in contrast to the costly short-term fluctuations of the mortgage market - and

(B) to HOUSE THE OTHER HALF of the nation ... to DOMICILE THE DOWNSIDE of our people, who comprise principally

(i) the many categories for whom the estate developers do not cater

(ii) the many others who are buying houses but by virtue of their domestic or vocational circumstances would be better off renting and

(iii) the many others besides who would prefer a civilized life in the city centre but are condemned to suburbia or distant commuting.

I must emphasize that this concept of 'development leasehold' is not new. I first coined it in 1975 when writing a pamphlet in collaboration with John Heddle for the Conservative Political Centre (see the editorial leader in 'Estates Gazette' of 10 January 1976) and expanded it in the paper which was awarded the Faculty of Building's 1977 Literary Prize. But the need for it now is infinitely greater than then, before government had become aware of the 'inner city crisis' and before the market had become so monolithic.

The problem is transparent, urgent and of paramount national importance; the demand is overwhelming, the solution ready to hand with no requirement for state funding, and the prospect otherwise catastrophic, yet opinion among the relevant institutions and professions seems impenetrable. THE MINDS OF MINISTERS AND THE MEDIA ARE CLOSED. Culturally, we have all been conditioned to believe that the public sector was about renting and the private sector about buying.

The reversal of policies in the public sector - presenting the Tories with the vote-winning issue of council tenants' 'right to buy' - has, unfortunately, not lead to a corresponding reversal of policies in the private sector but instead reinforced the philosophy of home-ownership.

Therefore since 1979 the administration has complacently supported the status quo, with only minor legislation recently to salvage the wreckages of both the old private rented sector and local authority housing, while treating the central issue of new development for letting as merely a short-term haven for wealthy tax-payers. Labour, of course, has no views on housing whatever, daring neither to expose the bankruptcy of the home-ownership monopoly nor support the emancipation of private renting. Besides, the sheer legal and economic technicalities of housing are beyond the wit of mandarins and the media. It is a perpetual paradox in British public life that the more 'sensitive' an issue socially, the greater the apathy among our leaders of opinion! So housing remains an intellectual no-man's land - a political 'no-go' area.

Likewise, the property and development industry continues, as it has ever since 1951, to do so well out of commercial real estate (with office blocks and shopping centres and business parks) that they have been happy to leave housing to speculative builders and building societies. Meanwhile their maidservant, the Town and Country Planning system, can scarcely stifle a yawn at the mention of housing; content to see town centres deserted in favour of commercial development and residential banished to the outskirts, with the result that town centres have decayed to the extent that commercial developers are now scrambling to build out-of-town to get back among the people!

Clearly, with a rational housing structure - BUT FOR THE TWIN TYRANNIES OF THE RENT ACTS AND MORTGAGE-BUYING - the 'inner-city crisis' would never have erupted. This is not just a question of keeping the hearts of our towns and cities alive at night - and thereby reducing the problems both of crime and of public transport - but, even more important, keeping our towns and cities ticking over by providing homes near their work for all those in the wide range of essential services, who tend to be low-paid and to work unsociable hours, on which the maintenance of urban life depends. These include the hotel and catering trades, tourism and entertainment, retailing, staffing public buildings, taxis and public transport, police and private security forces, hospitals and other emergency services, postal and courier services, cleaning, drainage and utilities, etc. These occupations with families account for several millions, all of whom would benefit greatly by the provision of new, rented housing with long-term security, within their town centres.

The other practical application of 'development leasehold' housing in relation to the inner cities is the facility for commercial-residential mixed-use schemes - incorporating housing over shops, public buildings, workshops, etc; comprehensively planned and integrated with a view to professional management for permanent investment. Mixed-use projects of this nature would add vastly to the vitality of our urban centres and to the stock of housing for local workers, but they remain impossible without the introduction of leasehold housing. Funding by institutions for development by proficient property companies is indispensable to achieve full integration of the various elements and long-term management; but that is out of the question unless the residential units are let on a proper commercial basis, i.e.

(a) at open-market rents with no constraints by state intervention on rents at review and renewal (unlike assured tenancies) and

(b) for a normal duration of ten to twenty years subject to rights of assignment and to periodic rent-reviews or annual indexation.

It is insane and almost incredible that after more than forty years of peace and nearly ten years of Conservative rule, we are faced by a national housing disaster whose solution is impeded by a combination of archaic, grudging legislation and wilful official and professional ignorance! It is bad enough that we still have a housing crisis at all - worse than in many less advanced countries - and inexcusable that it is largely self-inflicted; but that this remains the case when the resources and expertise are ready-made to put the solution into practice beggars further comment ... Municipal housing has ground to a halt, housing associations and BES schemes can only tackle the fringes of the problem, the sacred cow of buying by mortgage has almost run dry, homelessness and dilapidation are rampant, crocodile tears are shed copiously over the 'inner city crisis', yet the estates of the realm merely shrug their shoulders ... We have a government that will privatise anything except housing, which is the most prime candidate for privatisation; and will spend millions of public money encouraging the imposition of an extra bottom layer of local government in the form of community councils (whose polls may amount to less than two per cent of the electorate), yet will not liberate the whole community from the shackles of housing.

The shunning of the residential sector by the property and development industry has had appalling repercussions. Town planning has become two-dimensional, its thinking devitalised by the segregation of uses. Our architects consequently have lost any sense of civic design, of three-dimensional space - street-picture and townscape. They - planners and architects - design merely buildings, not places. The multiple retailers have spread everywhere at the expense of family shop-keepers, whilst upper floors above the most expensive shopping floor-space in our principal thoroughfares stand empty and derelict.

Part III - "HOUSING = HOW + SING!"

Hence this paper: to confront all those who should be immediately concerned - the institutional investors, construction and property development industries, the real estate and building professions, as well as the multitude of housing bodies and interested academics and journalists - with the realities of the present situation and the practicalities of the solution. I do not pretend that 'development leasehold' is a panacea: but I do insist that it constitutes the one immediately practicable measure which

(a) exactly meets the current deficiences and
(b) would lead to a long-term restructuring of housing in this country.

There is no reason why development-leasehold should not account for more than a quarter of the nation's housing within the next thirty years - roughly equivalent to the growth-rate of the superstores' capture of total food-sales ... although I anticipate that the expansion of this new housing sector will foster the revival of local shopping at the expense of the superstores!

In Glasgow, Edinburgh and other Scottish cities within living memory, the majority of people - including the middle-classes as well as the poor - lived in solid tenement blocks, renting their apartments from local property companies and trusts that employed professional factors to administer repairs and maintenance as well as collect the rents. Many tenants lived for a generation in the same apartment on continually renewed short-term (e.g. quarterly) agreements: but, whatever the basis, it was a simple contract observed by both parties.

Equally important, there was always a plentiful supply of alternative accommodation available in the vicinity, which of course provided the only kind of real security. It was the Rent Acts, and the lack of maintenance consequently throughout the first world war and subsequent depression, that were mainly responsible for the degeneration of so many such districts into slums.

Development-leasehold, in many respects, is the modern equivalent of that model. The main difference is the leasehold tenure, which has become universal throughout the UK as a result of the flourishing of commercial development by collaboration among

(a) investing institutions (life assurance companies and pension funds)
(b) local authorities and
(c) development companies;

creating a legal hierarchy which matches the proprietary interests of the parties to their respective functions. Whereas in the old days there was simply corporate ownership and domestic occupancy, there are now essentially three levels representing

(i) ownership of the land by freehold
(ii) ownership of the buildings by ground-lease and
(iii) occupational sub-leases of the various premises for terms of from five to twenty-five years or longer.

The hierarchy might be more complex, depending upon whether the site is owned by the local authority or other public body and whether the promotors (investors, builders and developers) have formed joint companies; intermediate leasehold tiers being inserted accordingly. This flexible, vertical structure facilitates the total development process; each party retaining an interest capable of precise valuation

from year to year, and each superior party ensures that the subordinate party fulfils its obligations. Quality of management throughout is paramount.

The merits of occupational (sub-) leases on this commercial basis are that, firstly, permanent funding is attracted from institutions. This is economical finance from prime sources; effectively 'wholesale' as opposed to the 'retail' finance required for mortgages. Secondly, large-scale development by successful property companies is encouraged, incorporating a multiplicity of uses; the commercial elements subsidising the residential. Likewise, collaboration with local authorities is fostered, for the promotion of comprehensive, integrated schemes, especially in the sphere of urban renewal. Finally, the benefits of expert professional management are fully exploited, to ensure good relations and efficient maintenance.

As suggested earlier, the residential rents might be either subject to periodic review, like commercial rents, or annually indexed to maintain the same value in real terms; depending on the length of lease and nature of the whole development. I cannot emphasize too strongly that a really big break-through is vital here, to eradicate scarcity once and for all, so that 'ECONOMIC RENTS' MEANS 'LOW RENTS'. One of the many madnesses of housing is that, whereas in every other context 'economic' means 'cheap', it is universally assumed that 'economic rents' for housing means 'prohibitive'. Such is the degradation to which our sick housing system has reduced the language!

A plentiful supply, which the huge potential market fully justifies, is the key to unlock the real demand at true economic rents. (The world of fantasy in which government still lives is well illustrated by a recent statement from one of its housing ministers which sought to reassure the public that under the new regime of assured tenancies landlords would be free to charge economic rents, "but no more than economic rents"! What a lunatic! How can anyone ever charge more than an economic rent? Then again, I saw recently a circular with a questionnaire sent out on behalf of the Department of the Environment to all of the (very few) firms of qualified professional residential property managing agents in the country by an expensive consultancy outfit - a combination of the management consultancy division of a premier league firm of chartered accountants and a top-drawer firm of chartered surveyors in the City of London, neither of whom had any qualifications for the project, which is presumably why they were engaged at enormous public expense - seeking data on "market rents" for residential accommodation; oblivious of the facts that, since there is no market and has been none for the last forty years there can be no "market rents" and that in any event if comparative information were readily available in this area there would then be no need for such a survey because obviously all those familiar with the market would be aware of the evidence!)

Incidentally, a fundamental difference between commercial rental values (for shops and offices) and residential rental values is that the former depend primarily on the level of the local economy - i.e. are subject to wide regional variations - and within each locality depend very largely on precise location according to street frontage and immediate environs; whereas residential rental values will be much more uniform within each town or region throughout the country.

This comparative homogeneity of rental levels is another assurance of popularity for development-leasehold, since prevailing levels of rents - in

(i) the metropolis
(ii) the Home Counties and
(iii) the provincial conurbations -

will quickly become established and accepted.

In addition to uniformity, benefits will also derive from relative stabilisation of rents that will ensue by virtue of the duration of leases. Furthermore, incidentally, the combined effects of uniformity and stabilisation of rents in this new sector will tend in turn to have a steadying influence on house-prices in the mortgage sector.

Where leases are subject to periodic reviews (normally at five-year intervals) rather than annual indexation, no disputes should arise and accordingly the provisions for arbitration and appeal should very seldom be invoked, because of the abundant evidence of direct comparables readily available. With hundreds of units of different types - houses, flats and maisonettes of all sizes and across the range of quality - in every vicinity and at every stage in the review-cycle, the fixing of rents on review and renewal should prove an automatic process; whilst the indexation of rents under the leases of all the units in the balance of the sector will always provide an additional check.

The phobia of a re-imposition of rent-control by a future socialist government, often cited as a restraint on institutional investment in housing, must be exorcized once and for all. We can well recall a freeze on business rents;

yet that does not haunt the commercial development market, any more than memories of food-rationing have inhibited the expansion of superstores! Besides, which is the safer market: long-term development based on leases at freely agreed rents which are fixed for five years at a stretch, or mortgages on terms which can be altered by one party only whenever it wishes?

It is an illustration of the potential demand that the pioneering BES schemes have already attracted such heavy investment, even though they are based on assured tenancies that provide for a measure of rent control on reviews and renewals by rent assessment committees - the impact of whose operations is still entirely speculative. Clearly, these schemes would have attracted a much heavier volume of investment but for the fear of that dead hand on future rent increases. However, at the outset, investors are not unduly worried because their sole concern is the 'tax holiday' for the immediate five years. But thereafter, if it transpires that the rent assessment committees are exercising tight control on account of even more acute scarcity throughout the general housing market, then these schemes will cease to attract investment and collapse.

The other two reservations concerning BES schemes are that:

(a) even at the target rate of £500 millions annual investment, only some 10,000 additional units will be constructed (assuming all the funds find suitable homes!) which represents perhaps five percent of the minimal new rate of household accommodation required; and

(b) these schemes are bound to concentrate on the most conspicuous areas of demand, risking glut around certain prosperous cities and dearth in other regions.

Socially and economically, therefore, BES schemes can only serve as a small, stop-gap contribution.

Housing is such a dreary, intractable, contentious subject, when it should be dynamic, eminent and expansive! The three material necessaries of life are food, clothes and shelter; yet how differently our economy treats all three! Food is kept artificially expensive - while millions starve - by subsidies from the tax-payer for the benefit of the producer; whereas clothing is cheap, with no state intervention, so that our manufacturing industry has shrunk in face of foreign imports. These are the two extremes. And in between we have the chaos of housing, the muddle in the middle. While house-buyers are at the mercy of a capricious mortgage-market, inflated by partial subsidy, dependent on scarcity to create capital gains at the expense of other house-buyers - the game of BEGGAR MY NEIGHBOUR - we have not one but two micro-sectors in rented housing: one for the lucky few in historically protected tenancies who enjoy sub-standard rents in properties that are rapidly deteriorating - which makes them not so lucky after all - and the other for the many who rent furnished (a few out of choice but mostly for lack of it) as well as the very few who can afford to rent unfurnished.

The choice facing the nation is clear: KNOW-HOW OR NO HOUSING! We have all the multi-disciplinary expertise and financial resources necessary for the early introduction of development-leasehold on a massive scale, given the minor legislative amendments required. All that is needed, otherwise, are three things:

a real appreciation of the problem and the solution, persuasion to that end in all quarters, and the collective will to bring about the necessary revolution in attitude towards housing as a domestic commodity and investment medium - a gigantic cultural shift.

If any relief from the Exchequer is wanted during the inaugural period, it should certainly take the form of depreciation allowances on building costs rather than personal tax privileges, in order to promote investment in industry rather than inflation. The Chancellor would undoubtedly welcome country-wide evidence of rents as a key economic indicator, rather than the vagaries of mortgage repayments, which he would fondly remove from the cost-of-living index altogether.

With the imminent exhaustion of our remaining Victorian stocks of rented housing, the soaring costs of 'bed-and-breakfasting' for homeless families, the vicious circle surrounding the mortgage-market, the desperate plight of those with good employment offered in the metropolis but nowhere to live, the frustration of transient workers including managers and executives with temporary postings, young couples everywhere ... the prospect is dreadful.

HAVE I DRIVEN MY ARGUMENTS HOME?

cst.ps/1jm6.1/lets

CONFIDENTIAL

CCP

NBPM
unless Scotland
dissent.

Treasury Chambers, Parliament Street, SW1P 3AG

RRC 6
6/1

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW1P 3EB

6 January 1989

Dear Secretary of State,

PRIVATISATION OF COUNCIL HOUSING

Flap

Thank you for your letter of 22 December.

The tests for assessing tenants' opinion of voluntary disposals by local councils of their housing stocks are a matter of delicate political judgement, and I expressed my doubts about the Torbay case in my letter of 7 December. I would not myself dissent from your proposal not to change the law but to encourage councils to conduct ballots of their tenants on a simple majority basis.

The other colleagues to whom you copied your letter, in particular Malcolm Rifkind following his letter of 14 December, will no doubt let you have their views, but I must say I share your opinion that it would be difficult to defend a radically different approach in Scotland.

I note your proposal to indicate to Torbay that you are minded to refuse their application but that you are willing to reconsider if a postal ballot indicated stronger evidence of positive support from tenants for the disposal. I would not object to this, but clearly if the disposal by Torbay remains a possibility officials will need to pursue the evaluation of the housing benefit implications, to which I referred in my letter of 7 December and about which John Moore wrote to you on the same date, so that their conclusions will be available to us in good time should Torbay return to you with the evidence of support which is the first condition of your approval.

I am copying this letter to the Prime Minister, John Moore, Malcolm Rifkind, Peter Walker and to Sir Robin Butler.

Yours sincerely,

P. Wailess

pp JOHN MAJOR

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

Housing Policy pt 13

PART 13. ends:-

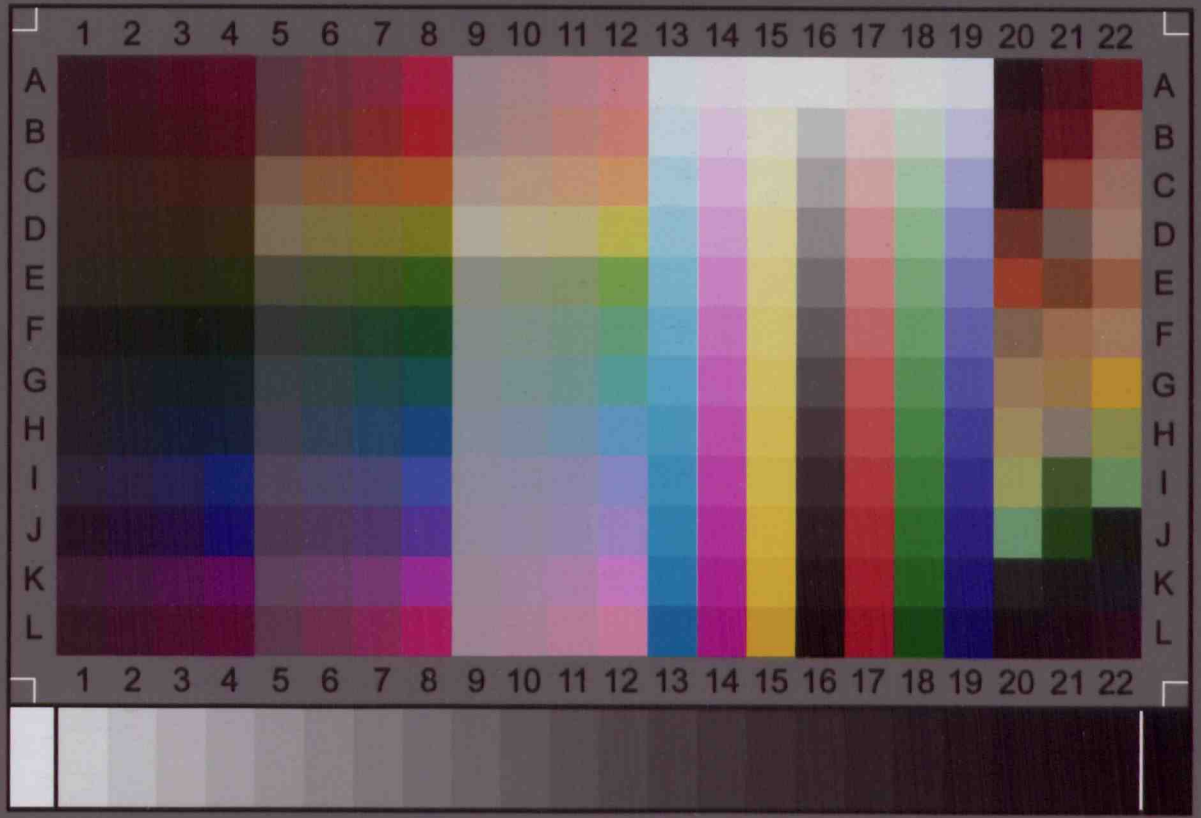
SS/Scot

~~CST~~ to SS/DOE 22.12.88

PART 14. begins:-

~~SS/~~ CST to SS/DOE 6.1.89

~~22.12.88~~



IT8.7/2-1993
2009:02

Image Access

IT-8 Target

Printed on Kodak Professional Paper

Charge: R090212