



## FROM AUSTIN MITCHELL MP

Dear Colleagues,

### Proposed amendments to the Housing and Regeneration Bill

I am endorsing a set of amendments which I intend to put down for the Report Stage.

I hope we can put them down with your name on them. If you've any changes or suggestions you want to make please let me know as soon as possible.

Please let me know if you support them. The more the merrier – and the more likely they will be selected. Please also sign Early Day Motion 368 – 'Investment in Council Housing'.

**Austin Mitchell MP**  
chair House of Commons Council Housing group

### ● Briefing: Amendment 6

Amendment 6 deletes the proposed means test requirement that allocations should be made based on "eligibility designed to ensure that it is occupied by people who cannot afford to buy or rent at a market rate".

Supporters of this clause argue that there is a shortage of 'low cost rented housing' and so it needs to be rationed. A similar argument could be made for NHS operations (anyone who can afford private treatment should be obliged to take it) but this would clearly undermine the principle that the NHS is a first class health service for all. We don't want so called 'social' housing to be housing of last resort only for those who can't afford anything else. This stigmatises individual tenants and acts against creating the mixed and sustainable communities we want on council and other estates.

### ■ Amendment 6

Clause 68, page 32, leave out lines 1 to 3

### ● Briefing: Amendment 7

Amendment 7 introduces a code of practice to guarantee a fair and balanced debate and basic democratic principles when tenants are balloted on stock transfer or other major changes to the management of their homes. This is necessary because authorities have been changing the timetable for ballots, systematically removing material opposed to their proposals, denying tenants the hire of local halls, allowing manipulation of the voting process and other fundamentally undemocratic strategies to achieve the result they want.

### ■ Amendment 7

Clause 257, page 102, line 14, leave out from "ballot" to "appropriate" in line 15 and insert "in accordance with the code of practice set out in section 257A"

Clause 257, page 102, line 16 at end insert-

"in accordance with the code of practice set out in section 257A"

Consultation principles

To move the following Clause:-

- (1) The Secretary of State shall by regulations under statutory instrument set out a code of practice to govern local authority consultations with tenants concerning a) a change of landlord, or b) a major change in the management of their homes.
- (2) These regulations shall include a requirement that the authority will-
  - i) place in the public domain all relevant information concerning the resources available to the authority to spend on its stock, stock conditions surveys, the business plan of the proposed landlord, the transfer valuation, details of any land and property to be disposed of and any other information on which the Offer Document and transfer proposal is based.
  - ii) ensure at the start of the consultation that all tenants are aware of their rights to access this information.
  - iii) ensure that material is objective, balanced, informative, and accurate.
  - iv) provide reasonable resources for any tenant group who serves written notice on the authority opposing a proposal so that they can put an alternative view to tenants.
  - v) not to deny reasonable request from those in iv) above for lists of addresses and access to notice boards, meeting facilities and other relevant resources to enable all parties to communicate with those entitled to vote.
  - vi) give two months advance notice of a) the start and end date of the ballot and b) how those eligible will be able to vote.
  - vii) ensure that information regarding who has and has not voted at any point in time is treated in confidence."

### PROPOSED AMENDMENTS TO THE HOUSING AND REGENERATION BILL

from Austin Mitchell MP, chair, House of Commons Council Housing group

The following amendments aim to enable local authorities to improve existing, build new and maintain all council housing as first class housing for years to come. They also oppose the introduction of a means test and require councils conducting tenants' ballots to ensure a balanced debate and respect normal democratic principles.

The first batch on housing finance suggest a number of alternative mechanisms for achieving our objective. Whilst we are determined to win a secure future for council housing we are, at this stage, relaxed about which is the best mechanism to achieve this.

The amendments do not provide a complete solution for council housing. They assume that government will also provide interim measures to enable the minority of authorities who cannot meet the Decent Homes standard to do so and address the 'exceptional' circumstances facing a small number of authorities in positive subsidy that need consideration.

Government has announced a review of the existing Housing Finance regime. But the review reports in 2009 and apparently any additional resources will not be available until the next Comprehensive Spending Review.

In the meantime government is siphoning more money out of the national HRA than ever – disinvesting from council housing each year while councils and their tenants are crying out for investment. It has taken £ billions of capital receipts from council housing but failed to pay off the principal historic debt. It can't have it both ways and continue to take some £1.2 billion per year from tenants rents to support this debt.

If government is serious about reviewing the HRA it needs to provide an interim solution that addresses the needs of authorities that can't meet the Decent Homes standard – and respects the choice of tenants who have rejected the government's privatisation options. This means providing gap funding from £ billions already taken, and improving the latest subsidy determination to recognise that the DCLG's funding of Management & Maintenance allowances is massively below the level of need (as demonstrated by the department's own research provided by the Building Research Establishment in 2003).

### ● Briefing: Amendment 1 and Amendment 2

Under the existing housing finance regime government takes 100% of tenants rents and 75% of right to buy capital receipts and then allocates allowances to each local authority to cover the management, maintenance and major repairs to homes plus support for historic housing debt.

For the vast majority of authorities this process results in ‘negative subsidy’ (they are net contributors to the Treasury from their tenant’s rents). Of the small number of authorities who receive positive subsidy, the majority do so largely due to high levels of historic debt.

The current regime leaves many authorities short of resources (unable to meet the government’s own Decent Homes standard, maintain their homes to this standard on a sustainable basis or build new council housing). The Audit Commission (*Financing Council Housing*, 2005) described the existing arrangements as ‘perverse’ and called for a review.

Ministers have recently said that local authorities who want to build new council homes will be able to retain 100% of their rental income and capital receipts (however the Impact Assessment on the Bill estimates this will result in only 2,500 homes a year).

Amendment 1 and Amendment 2 use two different opportunities to change the existing Housing Finance regime. They apply this principle – retaining all income locally – to existing as well as new council homes. These amendments also ensure that local authorities cannot use HRA revenue to fund anything other than council housing; that they are accountable to the Secretary of State for how they use these resources and that any surplus is pooled centrally (in a ring fenced national HRA) and made available to authorities who demonstrate need.

Amendment 1 achieves this by creating a new clause. Amendment 2 amends the section of the 1989 Act that gives the Secretary of State powers to enforce negative subsidy.

#### ■ Amendment 1

To move the following Clause: –

Ring-fencing local authority rental income and capital receipts

"(1) The Secretary of State shall, by regulations made by statutory instrument, make provision to enable local authorities to manage, maintain, improve and build new council housing.

(2) Regulations made under subsection (1) shall –

(a) allow authorities to retain all the income from rents and other charges in their HRA subject to the Secretary of State being satisfied that the amount is used solely for the purposes defined in (1).

(b) allow authorities to retain all the income from housing capital receipts subject to the Secretary of State being satisfied that the amount is used solely for the purposes defined in (1).

(c) maintain a ring-fenced national housing revenue account to receive any HRA surplus from individual authorities to be spent on (1) above.

(d) provide a procedure for individual authorities to apply for grants from this national HRA for the purpose defined in (1).

(3) Any instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament."

#### ■ Amendment 2

Local Government and Housing Act 1989, section 80ZA, (1) (b) at end insert –

“unless the authority can demonstrate that it intends to use all or part of this amount for the purposes of managing, maintaining, improving or building new council housing.”

Local Government Act 2003, section 11 (b) at end insert –

“unless the authority can demonstrate that it intends to use all or part of this amount for the purposes of managing, maintaining, improving or building new council housing.”

### ● Briefing: Amendment 3

Amendment 3 adopts an alternative strategy to require the Secretary of State to increase resources to local authorities to achieve the same objective as Amendment 1 and Amendment 2 above. This formula builds on the existing framework for allocating allowances to authorities by requiring the Secretary of State to take into account when determining the level of resources allocated to each authority the need for them to meet the ‘Decent Homes’ standard and provide them with Management & Maintenance allowance that actually funds need (as opposed to some notional amount based on the department’s own criteria).

#### ■ Amendment 3

Local Government and Housing Act 1989, section 80(1A), (ii) at end insert –

“taking into account the level of resources required to a) enable the authority to meet the ‘Decent Homes’ standard and b) manage and maintain this standard on a sustainable basis based on an independent assessment of the level of Management & Maintenance allowances to meet actual need.”

### ● Briefing: Amendment 4

Amendment 4 requires the Secretary of State to treat local authorities on a level playing field with RSLs, ALMOs and SPVs with respect to Social Housing grant and other finance streams to enable them to build new council housing.

#### ■ Amendment 4

Clause 22, page 11, line 25, at end insert-

“(1A) Local authorities shall be eligible for financial assistance under subsection (1)”

### ● Briefing: Amendment 5

Each local authority is responsible for the outstanding debt incurred in building its council housing and any borrowing to carry out major improvements to its stock. The debt is supported by an allowance government pays authorities as part of their annual subsidy determination.

When councils privatise (stock transfer) their homes government offers to take over any outstanding debt if the transfer price is insufficient to cover the whole debt. This is financially neutral for government (since it covers the debt indirectly anyway) and has no impact on PSBR.

This new clause proposes that wipes the slate clean for councils retaining their homes providing a level playing field with councils who privatise their stock. This would simplify the housing finance system and allow local authorities like other landlords to plan ahead and, alongside other changes, make more effective use of the prudential borrowing framework to improve long term investment and financial planning.

#### ■ Amendment 5

To move the following Clause: –

Transferring ownership of HRA debt

"(1) The Secretary of State shall, by regulations made by statutory instrument, make provision about local authority Housing Revenue Account (HRA) debt.

(2) Regulations made under subsection (1) shall transfer ownership and responsibility for servicing this debt from local authorities to the Secretary of State.

(3) Any instrument containing regulations under this section is subject to annulment