

LOCAL GOVERNMENT INFORMATION UNIT

NEWS RELEASE

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A new era for council housing?

The Local Government Information Unit (LGIU) has hailed the vote by Labour Party conference delegates in favour of direct investment in council housing as "potentially the best news for the cause of expanding genuine housing choice and building sustainable communities in 20 years".

However, the LGIU has dismissed the claim made at the conference by the Deputy Prime Minister that the cost of direct investment in building and renovating local authority housing would require £5 billion and mean either extra funding from the Chancellor or cuts in other parts of government spending on social housing.

An LGIU pamphlet that was published in June, entitled *The Right to Choose*, argued that methods of financing a level playing field between councils and housing associations need not place any significant extra burden on public finances and could work within the 'Prudential Framework' set out recently by the government. The LGIU pamphlet also put forward ideas for financing investment in council housing, largely from money that is already within the housing finance system.

The LGIU and others in the campaign for a 'fourth option' believe that the government's chances of meeting its 2010 Decent Homes pledge is threatened by the policy of restricting the choice available to the six million people who live in council housing to only the three options of transferring council homes to non-local authority registered social landlords (RSLs); Arm's Length Management Organisations (ALMOs); or the Private Finance Initiative (PFI).

Janet Sillett, LGIU policy officer and author of *The Right to Choose*, said: "The Labour conference's overwhelming decision that there should be direct investment in building and improving council housing is potentially the best news for the cause of expanding genuine housing choice and building sustainable communities in 20 years.

"If the concept of choice in public services that the political parties are promoting is to be real, and not restricted by dogma or vested interests, council tenants should never again have to decide their future in a climate of fear about being denied a decent home or of losing rights that they have as council tenants. A level playing field between councils and housing associations on finance and on tenants' rights is the best platform for widening choice and eliminating the substandard housing on sink estates that blights so many lives.

"If ministers want to achieve the Decent Homes Standard by 2010, they must recognise the obvious fact that although three options are better than one, having a 'fourth option' represents a wider choice than three.

"The LGIU and other have demonstrated how the 'fourth option' can be phased in prudently without derailing the government's public spending commitments. Moreover, given the history of the past 20 years, councils would need some time to readjust to the skills needed for direct involving in house-building and renovation.

None of this can happen overnight and the idea that this would require £5 billion now from the Chancellor is simply untrue."