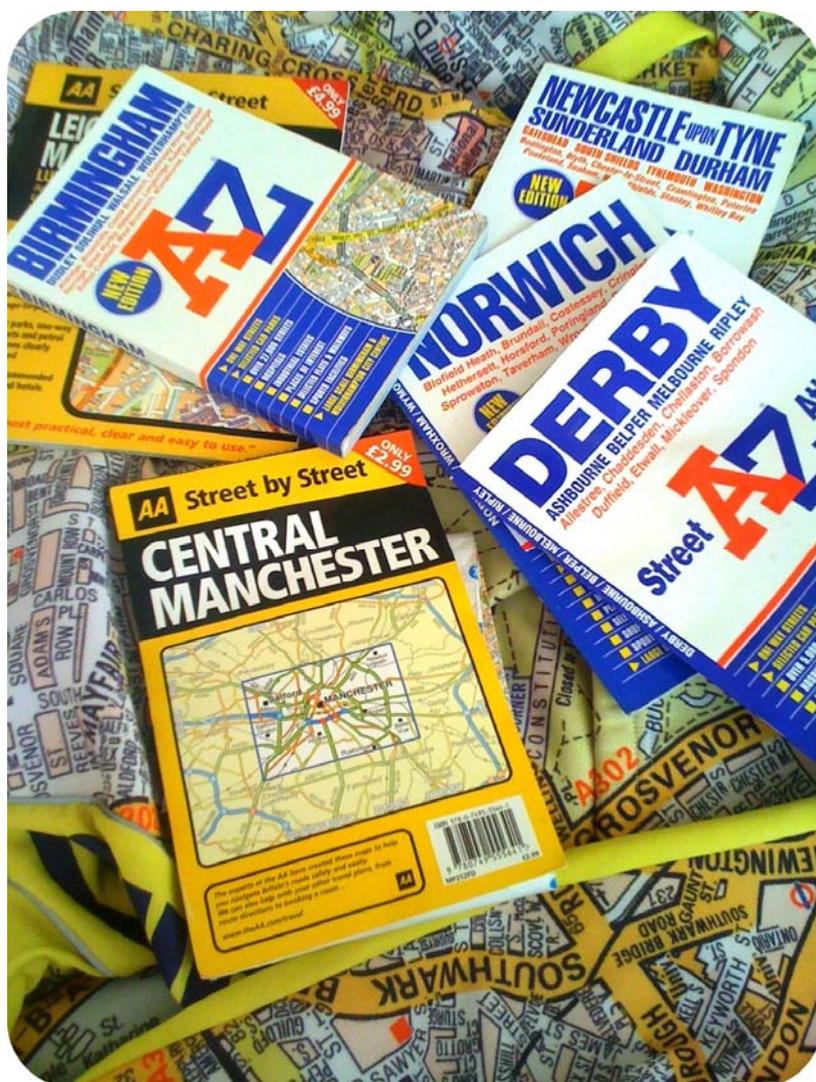


New government – new rules: the hitchhiker's guide to the coalition's housing policies

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About the authors

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1 The past is another country – new ideas and no money: how can we make the most of it?

“Today the clarion call is for restraint”

After 13 years of dancing to Labour’s tune, it’s time to adjust to the new beat of the Conservative Liberal Democrat coalition. What do they want? How will they go about it? And the most important question of all – what can the country afford? New ideas and no money: how should the social housing sector make the most of it?

2 Life is what happens when you’re making other plans – health warning

It is tricky to predict accurately what any new government will do. Former Prime Minister Harold MacMillan famously remarked that the thing that blew all governments off course was: “Events, dear boy. Events.”

Mrs Thatcher promised a bonfire of the quangos – an early decision was to kill stone dead all Housing Corporation-funded development. She changed her mind to favour quangos over councils or the civil service. So the Housing Corporation grew out of all recognition, handing associations a 30-year monopoly over new affordable housing.

Gordon Brown thought he had put a stop to boom and bust. But the economy quickly spiralled out of his control and we wound up with the coalition government.

Politicians of all hues proposed high salaries in top public sector jobs to bring in outstanding candidates from the private sector and shake things up. Perhaps it all went too far. But today the clarion call is for restraint.

Don’t think for a second that HQN (or anyone else) knows exactly what will happen. No one saw David Laws’ departure coming. All we can do is point out what the coalition is saying to help social housing to speak the same language.

3 Key coalition phrases explained

Most of the phrases used by the coalition are straightforward and in plain English. They pride themselves on brevity and clarity. Perhaps they are chastened by the list of banned terms and phrases issued annually by the Local Government Association whose chairman Baroness Eaton says:

“The public sector must not hide behind impenetrable jargon and phrases”

“The public sector must not hide behind impenetrable jargon and phrases. Why do we have to have a ‘webinar triologue for the welllderly’ when the public sector could just ‘talk about caring for the elderly’ instead?”

Here we set out the key phrases used by the coalition, and explain what they mean and how Housing Quality Network members should respond.

Key coalition phrase: localism, localism, localism

That’s all housing minister Grant Shapps says he wants to hear. In the run-up to the general election there was a lot of talk from both the Conservatives and the Liberal Democrats about boosting the role of councils and giving local people more say. We get this from every party before every election. Many expected that after a quick look at the books we would revert to normality. Circle the wagons – build big state organisations to save money.

In the business world, the old economies-of-scale rulebook is being ripped up. Large companies are demerging to create value (Carphone Warehouse and Cable & Wireless). Michael Gove, secretary of state for education, argues for a leaner state by pointing out that:

“The most successful commercial organisations in the world are delegating more and more control to the frontline and slimming their central offices. Some multi-nationals now have as few as 100 employees in their headquarters.

“One, Dana, has matched its slimming-down of the management structure with a thinning-out of bureaucratic control. It has replaced twenty-two-and-a-half inches of policy manuals with a one-page statement of the company’s aims and values.”

In its own display of localism, Waterstone’s is allowing each store to have a local chart featuring its bestselling titles and a local bay that will be entirely store-chosen and relevant to local authors or events.

The coalition is in tune with popular culture. What does every Pixar film and recent blockbuster *Avatar* have in common? The small guy, the family and the local community are battling against big business and the state. If the lessons from the commercial world and the hits at the box office point the same way, sensible politicians must follow suit.

“When people know their actions can make a real difference they are far more motivated to get involved”

A Conservative policy Green Paper, *Control Shift: Returning Power to Local Communities*, certainly takes the cue and sets the overall agenda. Highlights include:

Foreword by David Cameron:

“I am a strong localist...”

“By giving people more power and control over the services that are delivered in their areas, we can inspire a new spirit of civic pride in our communities. It’s simple psychology – when people know their actions can make a real difference they are far more motivated to get involved.

“And by making local government more accountable and bringing people closer to the levers of power we can start to restore the trust that’s been lost in our political system. If voters want to see something done in their area, they’ll be able to force it on to the agenda. If people are unhappy about council tax increases, they can club together and vote them down.”

“We want nothing less than radical decentralisation...”

Councils “are frustrated in their attempts to make local life better by a target-driven, top-down government which is trapped in the bureaucratic age and micro-manages all they do.”

The Green Paper sets out policies and commitments, such as:

- An end to capping
- Local referendums on council tax rises
- Freeing councils from intrusive and ineffective inspections by ending Comprehensive Area Assessment
- No more forced amalgamations of local authorities
- Phasing out ring fencing (*though the coalition wants to press on with HRA review*)
- Making it easier for local government to raise money on the bond markets

- Removing big chunks of regional government, eg, abolishing all regional and planning powers exercised by regional government and abandoning plans to regionalise fire control.

“Grant Shapps has spent a lot of time thinking about what localism means in housing”

There are striking similarities between this and the Liberal Democrat manifesto on making councils stronger, giving local people more clout and cutting back on regional government and inspection. On localism, the parties of the coalition speak with one voice.

Nick Clegg’s speech to the LGA in 2008 cited European examples where decentralising power to local councils was popular and drove improvements. Much the same examples get repeated in *Control Shift*.

Clegg turned the postcode lottery debate on its head:

“A postcode lottery is a terrible thing. But the terrible thing isn’t that things are different in different areas. I want things to be different in different places. I want things to be different for different people.

“I just want people to be able to choose what suits them – not have it handed out arbitrarily by a bureaucratic lottery no one understands.”

This is like the argument that says we have a lot to learn from the best supermarkets. Tesco and Sainsbury’s use data on individual preferences to tailor stock, pricing and special offers. No two branches of a good supermarket are the same – through a series of deliberate postcode and demographic calculations they drive out waste (what you don’t need in a store) to cut prices. The Tenant Services Authority (TSA) pushed exactly this line through their local offers.

Grant Shapps has spent a lot of time thinking about what localism means in housing since he was appointed shadow housing minister three years ago. *Home Truths* is a collection of his speeches.

He is impressed by some social housing organisations. But more can be done by freeing things up. Why can’t tenants compare performance and organise moves via the internet? It happens everywhere else in life.

He wants to use cash incentives (like government top-ups to council tax on new homes) so communities welcome new homes instead of protesting about development overwhelming local facilities. Shapps floats the idea of local housing trusts so that rural communities can give themselves planning

permission to expand. In towns he sees a role for street-level initiatives to kick start regeneration.

"We're all in this together"

"Instead of regeneration flowing down through a series of complex quangos and layers of impenetrable bureaucracy, we will encourage power to be exercised at the lowest levels of local government, by which I mean parish, ward, but also street level in order to force faster change directed by the very people it will affect."

A key objective for Shapps is to improve social housing mobility as part of a wider bid to increase social mobility. Where possible and appropriate, social housing is to be seen as a stage for tenants to use before they move on. Security of tenure is not under threat. The minister realises that many tenants are vulnerable or elderly – so moving out is just not on the cards.

And like everyone else in the coalition, Shapps is enthusiastic about the green agenda.

What does this mean for Housing Quality Network members?

Seize the opportunity: Stay close to the communities you serve. Be on their side. They need you in a recession.

Look and learn: Work hard to find out what tenants want and deliver it. You have loads of survey data, so use it.

The giants must learn to dance: Big associations must be as nimble and streetwise as the supermarkets. Tenants ask for sensible levels of service with predictable variations, so it can be done. Some of the largest landlords were the most flexible at developing local offers for the TSA.¹

Bring me solutions, not problems: As Mrs Thatcher was fond of saying. She's right. Of course it is easy to go through coalition policies and spot the banana skins. The prizes go to those that work out cost-effective ways of delivering locally.

Think for yourself: No more KLOES and no more central diktat. Perhaps the high watermark of absurdity was the last government's order to partner for maintenance. In 75% of cases where this command was followed the ensuing inspection ended in failure.² Was it bad advice or flawed execution? Leaders who became over-dependent on KLOES have a big hill to climb.

Key coalition phrase: we're all in this together

The efficiency drive starts at the top. Ministers are leading by example, agreeing to pay cuts and surrendering the perks of

dedicated drivers and first class travel. In central government, any pay deal in excess of the prime minister's salary of £142,500 must be signed off by the chief secretary to the treasury. The £240,000 pay package the Audit Commission proposed for its boss has been vetoed by communities secretary Eric Pickles.

“Tenants will expect restraint at all levels other than for the lowest paid”

Grant Shapps has publicised the salaries of housing association executives, showing that 50 are earning more than the prime minister. This has attracted negative headlines.

This autumn, Downing Street has announced, the identities of all civil servants with salaries of more than £58,000 will be released.

Town hall salaries will be among those published.

“Councillors should have the confidence to set sensible salaries that the public deem fit and proper.” Eric Pickles

The message to the top brass is – you just cannot command the respect of frontline staff and council tax payers unless you share the pain. A recruitment freeze has begun in central government and we expect the same for councils, ALMOs and associations.

What does this mean for Housing Quality Network members?

Salary sacrifices: Top executives – and all well-paid managers – must accept pay restraint. Salaries of everyone over £58,000 will be online so there is no hiding place. It remains to be seen exactly where the cap fits – though the Audit Commission appointment will clear things up. Only the thick-skinned in a council, ALMO and housing association can go beyond the prime minister's salary. Tenants will expect restraint at all levels other than for the lowest paid. Knock-on pressure will apply to organisations like our own that work for the public sector. It's a sign of the times.

Lunch is for wimps: If you haven't done so already, it's time to ditch:

- First class travel
- Corporate hospitality
- Functions with wine
- Excessive away days
- Avoidable use of cars

- Avoidable overnight stays in hotels
- Flash offices.

All expenditure over £500 will be on council websites. Even perfectly reasonable spending will be questioned.

The Audit Commission has been attacked by the coalition so we can learn from their sins of spending more than £3m in one year on hotels, life coaches and driving lessons for staff. In Central London, Boris Johnson says all publicly-funded staff members should give up their rights to use cars and instead go by tube or bike. According to Johnson:

“In Central London, Boris Johnson says all publicly-funded staff members should give up their rights to use cars and instead go by tube or bike”

“We must make difficult reforms to the benefits system, and in these circumstances it is utterly nauseating that politicians – and anyone benefiting from the public payroll – should think they can swank around in taxpayer-funded cars just because it used to be one of the perks of the job.” (*The Daily Telegraph*, 31 May)

Where is Henry V when we need him? Agincourt is the best example of managing well during a recruitment freeze. Heavily outnumbered, the English army defeated the French. As Shakespeare put it:

“The fewer men, the greater share of honour.
 God's will! I pray thee, wish not one man more.
 By Jove, I am not covetous for gold,
 Nor care I who doth feed upon my cost;
 It yearns me not if men my garments wear;
 Such outward things dwell not in my desires.
 But if it be a sin to covet honour,
 I am the most offending soul alive.”

Yes, it stirred the soul in days of yore, but might not cut it with Unison in the twenty-first century. Actually this is a massive challenge. In the worst case, it could trap a poorly-performing service with existing staff and no new blood. Training to sort them out might also be caught up in the ban on unnecessary spending. We hope that any freezes are applied with discretion. Gaps on the frontline and in business-critical positions are exempted from the civil service freeze – but these really are for exceptions not the rule.

Key coalition phrase: cuts with care

George Osborne called the savings package the ‘fastest and most collegiate spending review in history’. The coalition thinks cuts are needed as we have the biggest budget deficit in Europe. But these are not the blanket cuts that Mrs Thatcher asked for, but never realised. According to David Cameron: “We never in the 1980s actually managed to cut public spending.”

“Local authorities and quangos (like the HCA and the TSA) will take the strain”

Examples of cuts with care include:

- Cutting Child Trust Fund payments but providing instead 8,000 week-long breaks for severely disabled children
- Freezing much of the affordable housing budget but setting £170m aside to ensure 4,000 homes do get built.

Communities and Local Government (CLG) faces the biggest cuts in Whitehall. The government-wide £6.2bn package is only about 4% of the overall budget deficit. Worse is to come. All we've seen so far is the tip of the iceberg. CLG savings are around 7.5% of the current budget. Next biggest loser is the Department for Work and Pensions, at just under 6%. By contrast, education cuts are around 1%. Local authorities and quangos (like the Homes and Communities Agency and the TSA) will take the strain. Legislation was listed in the Queen's Speech to make it easier to get rid of quangos. Councils will have greater flexibility over how they spend money – though the HRA review, which includes a ring fence, is still on the cards.

Baroness Eaton, chair of the Local Government Association, said: “If there are tough decisions to make, these are best taken by the people who know their area best, so it is good the government is giving councils more freedom over spending and starting the business of cutting the quangos down to size.”

What does this mean for Housing Quality Network members?

Do more for less: We must deliver services at the local level using less cash. Can we push harder and faster on shared services? As one council leader said, we can come together as a group of councils and do what Capita does, but keep the profits. Is there scope to use new technology better? Grant Shapps is keen on tenants using the internet to organise moves. Sites for this have sprung up with no public subsidy. Can this be repeated more widely?

The quick and the damned: The coalition moved like greased lightning. If you are stuck in the rut of Best Value reviews, KLOE improvement plans, benchmarking, peer reviews and endless consultation, you are just too slow for the modern world. All of these techniques have their place but are no substitute for action. The prolonged TSA National Conversation with that camper van did some damage. It could have found out what tenants wanted much faster. Don't repeat the mistake. Step on the gas. You know what needs doing – don't wait for the government, Audit Commission, or a quango to tell you.

“We are unique in being a big public liability on the one hand and a huge obvious public asset on the other”

Self-defence is no offence: We wait to see what will happen to the TSA. Of course the finances of associations will be regulated. If council HRAs do become stand-alone, there must be some external scrutiny. The balance between a quango standing up for tenants and tenants acting as consumers with clout will be up for debate. Our advice is that landlords should have their own systems in place to check finances, probity and customer care. Self-regulation is a must – the TSA was right about that. Put your own house in order and leave the quangos and Audit Commission to their own devices.

Key coalition phrase: public borrowing is taxation deferred

There has been a sea change in attitude from Brown/Darling to the coalition. The previous government started the public sector pay freezes but believed that borrowing was essential to dampen the impact of recession. George Osborne fundamentally disagrees:

“Public borrowing is only taxation deferred and it would be deeply irresponsible to continue to accumulate vast debts that would have to be paid off by our children, and our grandchildren for many decades to come.”

What does this mean for Housing Quality Network members?

Computer says no: The default position will be to refuse all spending requests. The case for new build should be anchored on creating employment to boost individual and corporate tax payments during construction. Green arguments help too. Rent rises that increase the HB bill won't be welcomed. We all have to live within our means. Could rent increases be linked to guarantees on efficiency and local investment, just like price rises in other regulated industries?

Physician, heal thyself: There is huge value locked up in local authority and housing association estates. We are unique in being a big public liability on the one hand and a huge obvious public asset on the other. Expect the government to demand more action from you on regenerating estates and using the

proceeds before going to Whitehall asking for more cash. Shapps wants street-level action – not inaction.

“Mutualism is favoured by all parties”

Look before you leap: Where the council takes up the HRA offer, double check that the business plan is viable. Do a proper due diligence. There are no public funds to fall back on if you screw up.

Key coalition phrase: Big Society

This phrase tries to undo the damaging legacy of Mrs Thatcher saying: “There is no such thing as society.” Although when you look back on that interview from 1987, much of what she actually said could have come from any politician from the last decade.

“...when people come and say ‘But what is the point of working? I can get as much on the dole!’, you say: ‘Look. It is not from the dole. It is your neighbour that is supplying it and if you can earn your own living then really you have a duty to do it and you will feel very much better!’” (*Woman’s Own*, September 1987)

This is another area where the coalition speaks with one voice:

Nick Clegg:

“We need radical change that puts power back in the hands of the people. Only by bringing down vested interests and giving people real control over their lives will we build a Britain that is fair.”

David Cameron:

“That’s because we know instinctively that the state is often too inhuman, monolithic and clumsy to tackle our deepest social problems. We know that the best ideas come from the ground up, not the top down. We know that when you give people and communities more power over their lives, more power to come together and work together to make life better – great things happen.”

What does this mean for Housing Quality Network members?

Join the co-op: Mutualism is favoured by all parties. Explore the case for introducing or adapting the community gateway model at your organisation.³ The local offers research for the TSA found that tenants had a firm grasp of what landlords could afford and took this into account when asking for changes to services. There is every reason to believe that greater tenant

involvement in management would lead to more responsibly-run landlords.

Power to the people: Workers' co-operatives are promoted by the coalition. Could these play a part in housing? Most of the good ideas in inspection reports come from frontline staff. Why not make more use of them? The train drivers' union ASLEF is bidding to run the East Coast line as a people's co-operative. We can learn a lot from that experience. (*Morning Star*, 29 May)

Say it loud: Shapps wants tenants to go on the internet to hold landlords to account and pick and choose services. He does not want obscure benchmarking statistics in mumbo jumbo. As one housing association director demands: turn performance information inside out. It needs to make sense to tenants, not make excuses for professionals. In the new world these sites should be independent of landlords, free and easy to use and, not cost the public purse a bean. What can we pick up from *Compare the Meerkat* and similar sites?

Cry freedom: The best-performing schools are to be set free. We should argue for the same in housing. How should the criteria get set? In education the ambition is to reward schools that are popular with parents and challenging for pupils. Innovation, not conformity, is sought. Perhaps recent two- and three-star inspection reports would do as an interim test. But it's hard to see any future for KLOE-driven inspections.

“It’s hard to see any future for KLOE-driven inspections”

4 I have a dream: will the coalition triumph?

One of the great game-changing moments of politics in the last century was the Right to Buy (RTB). For a time it delivered the working class vote to the Conservatives on a plate. Of course we see the downside every single day of our working lives. But the coalition would give their eyeteeth to find another winner like that.

More social tenants voted Labour than for any other party at the election, but Labour's share was reduced to less than half (47%) with social housing delivering the highest swing to the Conservatives in any housing tenure (8%) and with only three percentage points between Labour and the combined Conservatives/Liberal Democrats. As we move into a period of more proportionate voting, there is a significant potential prize that both the Tories and the Liberal Democrats will be keen to gain by building on this momentum.

The Tories will look for chances to build their social housing electoral base – they have fond memories of the political impact of RTB. The Liberal Democrats need a positive message on social housing to protect otherwise vulnerable urban seats where they lose support for being with the Tories.

Can the coalition reach the parts that other housing policies have failed to? The big opportunities are to:

- Speak to the public in English
- Build new homes where they are wanted
- Bring real accountability and popular regeneration to council housing through the HRA offer
- Integrate tenants in the management of their own communities
- Unleash the power of worker co-operatives and eradicate industrial unrest
- Bring back a sense of common purpose between leaders and their staff and tenants
- End the constipation of acting only after surveys, consultants' reports, benchmarking and inspection
- Get tenants shopping around and checking landlords out through the internet.

“Can the coalition reach the parts that other housing policies have failed to?”

The maxim is that all political lives end in failure. What pitfalls lie ahead for the coalition?

- No money to build new homes
- Staff won't put up with pay and recruitment freezes
- Tenants give up on another government full of bright ideas that fails to deliver
- The public says yes to homes for their children – just not here, or there, or even over there
- Clumsy attempts to privatise housing stock to release the billions that some Tory think tanks believe lie within.⁴

In the early days of New Labour the prime minister set the course of freedom from prescription by exhorting: "What matters is what works." You know what happened next. Grant Shapps realises what happened next. Soon we will find out how well the coalition handles the skidpan.

As always HQN wishes the new housing minister well. Hopefully, this stops being such a regular task. Social housing can find better ways of working with tenants, building homes, saving money and regenerating communities. Let's just get on with it.

5 The goalposts have moved: how do you score with the coalition?

The mechanics

It may not be a government as we traditionally know it, but the coalition is still the government and should be dealt with as such, and not as two separate parties competing against one another.

The coalition partners have agreed a legislative programme and decided upon united policy themes under the banner of freedom, fairness and responsibility. Civil servants have had to adapt to the changing landscape and will therefore be supportive of those messages that align with government policy and as dismissive as ministers of outdated messages and positions.

Although there is no constitutional difference between a single party government and a coalition government, working practices have been updated to accommodate the change. This includes the creation of two coalition committees to solve disputes between the coalition partners.

Decisions will effectively be made within CLG and, should further consideration be required, they will go up to Cabinet Committee. Unresolved issues can then be referred to the coalition committees by the Committee's chair or deputy chair.

What does this mean for Housing Quality Network members?

In terms of making representations to government, *plus ça change, plus c'est la même chose* – in other words, the process stays much the same. However, you will need to outline your position in terms of how it contributes to the objectives and themes of the new government.

Don't expect officials who were receptive to your case to necessarily still be receptive. They are loyal to the new government, not to you.

Any proposals for government should be framed using the following messages:

The core mantras are localism and cost-effectiveness

- Reducing bureaucratic control – this offers scope for more autonomy and less regulation
- Empowerment – letting people and the service users not the providers decide what they want

“It may not be a government as we traditionally know it, but the coalition is still the government and should be dealt with as such”

“Communication is the key”

- Reducing centralisation – less fear of postcode lotteries
- What works – as with New Labour, pragmatism is the order of the day
- There will be different level of emphasis between the parties, with the Conservatives likely to favour self-reliance and the Liberal Democrats highlighting housing improvement
- Community regeneration is as important as housing regeneration
- Promoting social mobility – supporting aspirations of tenants to improve their economic and social prospects
- Tenant choice and responsibility.

Is there room for manoeuvre?

There is always room for manoeuvre with any government as all political parties are, in effect, coalitions. This coalition in government is an extension of this, with a broader range of views and different pressure points.

Communication is the key. You will want to explain to the government what you want to achieve and how this works well with its agenda. With anything, there will be give and take and it is important to show you are willing to adapt to a new fiscal environment.

The coalition also provides you with scope to nuance your message according to who the recipient is. Where do they sit within their party? Where do they stand on this issue? Do you already have an honest working relationship? How much influence within the party or government do they have? Asking these questions enables you to communicate effectively and influence. The government is a single entity, but like all governments it will be susceptible to influence from within and without.

The amount of room for manoeuvre also depends on the policy issue. Some areas will be set in stone, for others the government will be more flexible – but all will be in tune with the main mantras of the government: localism and cost-effectiveness.

It ain't what you say, it's the way that you say it – that's what gets results

Pick your targets and be aware of their individual interests and positions.

Specific communication should be tailored to their separate party and individual perspectives and concerns, but do not seek to drive wedges between Liberal Democrats and Tories. They are all in this together and, whilst constructive criticism is one thing, seeking to encourage division will be counter-productive.

Ensure all propositions put to government are not out of tune with its core position. In the end it is all about how you say it: you can present your position in a way that looks like the government may have written it itself. However, in the end, it achieves your objectives.

6 A balancing act: keeping in with the local authority as well as the government

At the local elections, more authorities went Labour and this may be replicated at future elections if the usual political pattern applies of local elections going against the government. Where there is a Labour council, or a Labour/Lib Dem coalition, do you dance to their tune or that of the government?

The Conservatives, Liberal Democrats and Labour are not actually that far apart, with Labour stressing localism as an objective in its election manifesto as well.

The government has pledged more freedom for local authorities to provide local services that users want. Therefore when communicating either with the local authority or government it should not be your argument that you put forward but the desires of your tenants.

With central control and targets reduced, housing self-financing introduced and ring-fencing abolished (though it should be kept for the HRA), councils will have more power to call the shots: but will the government be happy to let them operate unfettered? Localism is fine in theory, but the last Conservative government got rid of it, as it didn't like the result when local government came to be increasingly Labour-dominated. Therefore you must keep to message, maintain a consistent opinion and argue that empowerment should be not just a policy, but a reality.

Councils will have to live within a regime of tighter budgets and greater transparency and will need to be as keen on looking for value for money as central government. Where local authorities are resistant to the accretion of influence and power at the community level, they will likely find themselves not just out of step with the government but also with their electorate. Social housing can be a potent political issue, as Ealing and Hammersmith and Fulham Conservatives discovered to their cost in the recent election.

What does this mean for Housing Quality Network members?

You need to be consistent with messages so as not to expose yourself when dealing with central government and also a possible change of political control locally.

Promote direct engagement between tenants and local politicians. Ministers of all parties love voters – not officers.

“Councils will have to live within a regime of tighter budgets and greater transparency”

Join together to make a case to government – alliances of councils, associations and ALMOs are more likely to succeed.

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- 1 See HQN local offers toolkit for the TSA – available soon from TSA website
 - 2 HQN analysis of SNI results – publication imminent
 - 3 <http://www.cch.coop/gateway/index.html>
 - 4 <http://www.localis.org.uk/article/82/Principles-for-Social-Housing-Reform.htm>