

# social services for all? part three

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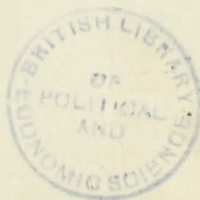
## social services for all?

### part three

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this is the third of four pamphlets dealing with selectivity and the social services

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## 7. what help for poor tenants?

Audrey Harvey

For people who go by their common sense and by the sound of things, a term like selectivity in housing may seem harmless enough. If it implies channelling money to deserving families with unaffordable rents, they can only be glad of it; and ratepayers—houseowners, of course, not tenants—will thereby be saved millions on otherwise indiscriminately squandered subsidies. Besides, rent rebates suggest something as agreeable as an unsolicited cheque from the Inland Revenue in respect, as they say, of an overpayment; and means-tests could become, so it seems, the painless disclosure of income to a computer. So all sorts of comfortable myths are taking hold. And rebates are believed to be a sensible way of ensuring, for instance, that the poorest families can afford council rents and that the richest council tenants will either have to pay through the nose or get out and buy themselves houses.

I once rather vaguely subscribed to this view, the reason being that in the area of London where I work and am constantly concerned with housing and poverty problems, there was, until two years ago, no rebate scheme. That there were no houses remotely worth buying was therefore as irrelevant as the fact that there were very few rich council tenants at all likely to stay that way once working sons and daughters had left the nest. Indeed, the Prices and Incomes Board's survey shows that only 1 per cent of council tenants have gross incomes (including those of wives) of £40 and over, and only 14 per cent have between £25-£30. 51 per cent have incomes varying from under £10 to under £20.

In our extremely hardpressed citizens' advice bureau we were in any case blinded by the needs of homeless families and by those of impecunious private tenants who, alone in the housing field, get no form of subsidy. From dealing also with tax problems, however, we were sharply aware that for the purpose of assessing what poor families should currently pay for housing, or for any social provision, tax codings would be useless. Not only do PAYE code numbers relate to information collected—or quite a different purpose—at least a year before, but working husbands and wives have separate codings. And their earnings, which would somehow have to be married, are of course dealt with by their separate employers neither of whom could possibly be expected to take on this job. To make things worse, tax offices or London workers at any rate, are now less likely to be found just around the corner than in Bootle or Oldham; and staffs, generally, are already under such pressure that they cannot, for instance, even produce the individual tax data necessary for advising on the government's option mortgage scheme let alone take on tremendous new burdens. Computers can never solve this manpower problem because they cannot collect the facts fed into them. Indeed as things are now a great number of manual workers have to be put on a high rate of emergency pay for months on end while inquiries, often left unanswered by employers, are going on. Those in temporary sub-contracted jobs, for instance on tunnels, roads



and demolition sites, and who sometimes work for half a dozen employers in a year, with intervals off work through injury, are badly hit. So are seamen who not infrequently have to wait for over a year for rebates which have piled up to £100 or more. Naturally people on regular salaries find it hard to imagine such difficulties. Those aware of them can see no solution.

One of the reasons why, in housing, means-tested rebates appear essential is that more general ways of relieving poverty, by higher family allowances, for instance, or by a minimum wage, cannot cover rents: their variation is much too great. But when socialists apply themselves to rebate mechanics, sometimes so ingeniously fixing poverty lines that the poorest tenants would pay no rent at all, they tend to show signs of a mounting embarrassment and doubt. Has this kind of concern, perhaps, suddenly seemed a shade too paternal? Will the poorest tenants care to be so conspicuously favoured? How often will these poverty tests have to be applied where men are earning a fair wage only as long as they remain on night-shift or overtime—or where family incomes constantly fluctuate because mothers must drop their part-time jobs whenever a child is ill? Won't tests which are fair to both sides entail an excessive number of questions? Even more important, aren't rebates just another handy way, and a well-established one, of avoiding higher taxes on the rich, and perhaps, in particular, on Britain's 100 or so property millionaires?

Everyone of course appreciates that council rents have to be frequently raised to sustain building programmes and that, where there is no rebate scheme, poor families must suffer. But that begs the whole question of the financing of council housing and of priorities in public spending. Obviously this could scarcely be a less propitious time for the urging of any further increase in subsidies or even for mentioning that in France, for instance, the relevant interest rate is only 1 per cent. Production cuts of 15,000 houses a year and abandoned targets are what we face. And the best to be hoped from the tenant's angle is a patchy and temporary freeze covering, as with decontrolled private rents, a wildly uneven territory. Indeed a change of government could lead to a flouting of the Prices and Incomes Board's recommendation to limit council-rent increases to 7s 6d a week, or nearly £20 a year, and to the repeal of enforcing powers. But already a most urgent problem is how to assist the poorer tenants with rents which, even where frozen, or controlled via furnished rent tribunals, or ostensibly rendered fair, bear no relation to their ability to pay. If we have to accept more means-tested selectivity on their behalf at least we should be aware of the dangers. The worst of these are still unpublicised.

Rebates have become necessary in the private sector for one overriding reason. In spite of some deceptive window-dressing, Labour's Rent Act, as Professor David Donnison has put it "is in the longer run a measure for the raising rather than the



lowering of rents". This does not apply only to the fair-rents system as such. Under it, however, 52 per cent of rents have gone up and 10 per cent have remained unchanged. Significantly, it has been used much more by property companies (for instance to assure their rental incomes from large blocks of flats) and by middle class tenants in the higher rated properties, than by the poorer tenants of mere rooms. These, through fear, ignorance of rights, uncertainty of outcome, pressure by their landlords and other entirely predictable reasons, represent rather less than 13 per cent of users, although they are much the likeliest to get good slashing reductions, as originally advertised.

As a further let down the system favours rich appellants in that they can afford expert representation, whereas for the poor, whether landlord or tenant, there is no provision for legal aid. Almost unbelievably, though, this would-be socialist Act, as well as allowing for the further raising of rents at least every three years, caters for selective decontrol in areas where demand does not exceed supply—a balance which could only be temporary. In these contexts rebates are essentially a capitalist solution. They have, indeed, long been urged by property owners' associations as an insurance against being left with empty houses if landlords, on any considerable scale, are profitably to build for letting. With a change of government, moreover, an existing rebate scheme could very dangerously become an excuse for total rent decontrol—and without a single house being built for letting other than for sale.

Although this Act gave certain tenants invaluable protective benefits, it still treated the security of a family's home selectively. In particular it left furnished tenancies without the protection of the courts. So in every respect one can see why Labour's right wing felt it to be a brilliant political compromise. Strangest of all, though, was Mr. Crossman's original intention of bringing the 1¼ million or so rent controlled properties under his fair rents system without any protection against inevitable heavy increases—and this although it was known that the majority of tenants so hit would be the poorest old or elderly people, many of them struggling to keep their independence by working part-time.

Eventually, of course, the government realised that even with increases limited to 5 per cent a year, too great hardship must result unless a rebate scheme were first introduced. Now, however, the present Minister, Mr. Greenwood, has proposed a revised improvement scheme (*Old houses into new homes*, HMSO, Cmnd 3602) and with it, of all things, a new form of rent decontrol. If this goes through, not only will all controlled houses improved with a grant of public money come under the fair rents system, but also those already up to standard even if their tenants made them so. As Mr. Frank Allaun MP has pointed out, controlled rents would in many cases be trebled; and in the view of an approving economist, Professor Alan



Day, "London rents would commonly be well over £5 a week", which would be exclusive, of course, of rates. True, the Minister proposes some phasing of increases. But the ultimate need for some kind of rebate scheme glaringly remains.

A salient difficulty of such a scheme is that rebate could not, as with council property, result in a reduction of the landlord's rent and therefore of his profits—and plainly couldn't be paid to him for the benefit of tenants. Yet if it were to take the form of a weekly means-tested rent allowance, as under supplementary benefit, the not exactly popular effect must be to force all applicants onto public assistance. As people with full time jobs are, by law, disqualified this would hardly be practicable, and for means-testing purposes present staffs are in any case already overwhelmed with necessary home-visits. Obviously, too, rent allowances from the Ministry of Social Security would have to be limited, as now, both in amount and according to "reasonable personal requirements"—otherwise, why not look for a Knightsbridge penthouse? Yet if, as the only feasible alternative, rebates were paid as refunds by the local authority, they might well not arrive, on the analogy of long delayed rate rebates until the tenant had been evicted for rent arrears. Bearing in mind that private landlords still house five million of Britain's households, that rents in each case would have to be verified, that most would have to be disentangled from rates, that Birmingham's scheme as so far planned takes into account 40 different factors (*Sunday Times*, 15 October 1967) and it is simply not conceivable that local authorities could pay rebates weekly, monthly or even quarterly while at the same time dealing with the priority needs of their own tenants.

Besides, council tenants are much more easily contactable for the vital purpose of publicity. In the absence of any list of private tenants a massive, sustained and prohibitively expensive publicity drive would be needed to inform those sufficiently poor of their right to rebate. They would also need to be warned that some landlords would certainly try to charge them more because of their increased ability to pay.

A "model" rebate scheme for council tenants was recently published by the Ministry of Housing (Circular 46/67). There are, however, something like 1,450 local authorities and all of them, as the Minister humbly points out, are entirely free to deal with their rents as they please—and therefore according to their varying party-political attitudes. There is nothing, for instance, but ministerial displeasure, to stop them from using differential schemes under which all tenants are means-tested and charged accordingly, and some 390 do. Or they can eschew means-tests altogether and use subsidies to hold rents down, instead of setting rents at a level which most families can afford and concentrating subsidies, via rebates, on their poorest tenants, as strongly recommended. Under our species of local democracy,



the chances of achieving a national plan are therefore poor. But this, when one has seen what happens under a sophisticated big scale scheme, becomes a relatively minor worry.

In 1965 the Greater London Council, while still Labour-controlled and world-renowned, entered the rebate business and, as a curious tactical mistake, gave its scheme the off-putting title of *Social aid* thus suggesting, if anything, evening classes <sup>UNNY</sup> and a etiquette. The difficulty of putting over, in acceptable form what a rebate scheme is remains however a serious one. It is not simply that there are no polite synonyms for poverty or means-tests. The tenant who perseveres with the *Social aid* handbook inevitably finds himself faced with such totally baffling questions as "What is the rent to be set against rent-paying capacity?" and has to understand that the rent he actually has to pay, including perhaps an inescapable charge for central heating and certainly one for rates, is somehow not the right answer. An arithmetical example then follows containing, in order to be typical, fifteen figures. But the tenant then finds that the amount of rebate actually forthcoming will be limited to one third of his net rent anyway.

Problems of communication alone considered, it should not altogether surprise us that out of 210,000 tenants contacted about the scheme a mere 7,000 had, at the end of two years, used it. Worse still, a great many were old people on national assistance, who, in the early stages, were encouraged to apply and received a standard rebate of 3s 6d a week. According to the PIB report on council rents 10 per cent of all GLC tenants were, according to the GLC's own survey, on assistance. What selectivists seem reluctant to understand is that for people unable to work and already certified poor, application to be excused any kind of means-tested charge is both simple and certain of success. But for a young family man who hopes any day to be back at work after an illness or a stint of unemployment, application for a rebate can seem like a lot of unnecessary bother and a pessimistic mowing-in of the sponge. Besides, if such a man has kept afloat unassisted on earnings-related benefit plus family allowances, he can feel it "not right" to apply, because all unearned concessions are meant for "the poor".

The GLC, however, can suggest only one reason for failure. It is that many eligible families may have felt that their due amount of rebate, perhaps only three or four shillings a week, was too small to bother about. The implication here is that the average GLC tenant is perfectly capable of means-testing himself in advance and would have not the slightest difficulty in dealing with a complex series of allowances and disregards. Will it never occur to our administrators to ask themselves why the poor are poor and not all earning whacking salaries as chartered accountants? Some of the GLC tenants whom I have tried to help could barely write their names; few could work out their own and their wives gross earnings over the past



eight weeks; none could remember the exact length (with dates) of any periods off work, nor the rates of any covering benefits; and for these and other reasons, none of the forms ever went in. Some tenants stopped at the question asking for the names and ages of everyone living in their homes, sometimes because they had homeless relatives as unauthorised lodgers, sometimes because they had not understood that set charges are made for members of the household who are assumed, simply by age, to be working whether in fact they are or not. In one case a daughter aged 21 had never been able to work because she was a mongol, in another a son aged 32 was crippled by multiple sclerosis; but as the form does not ask about incapacity both would be counted as "additional earners". One family, getting help from the Cancer Relief Fund, was anxious to keep this private.

Many others could not afford to take more time off work to get and bring back necessary information and wait for help with entering it. But all the unskilled and low earning fathers, afraid as they already were of the selective employment axe, declined to bother their often irascible employers for special earning statements as required, often preferring even the direst poverty.

### anomalies

As parents naturally don't put the demands of the council before the needs of their children, the first product of poverty is rent arrears. But by then it is too late for a change of mind about rebate because to be in debt to the council disqualifies. Oddly enough, though, it is no bar to another kind of financial help, to prevent family disintegration, which local authorities are empowered to supply. This, however, is the craziest form of selectivity. Some authorities do not use their powers at all, others do only if the family will accept the attentions of a social caseworker along with the money, which may take the form of a grant, a loan or a rent guarantee. And how much to give to which families for how long is purely a matter of very tricky discretion. Although this variety of public assistance can be a family life saver, it is often seen as unfairly used—inevitably so. Limited funds and illiberal children's committees lead to favouring big families because of the greater costs if the children should go to public care. Private tenants can be totally excluded if the council feels it more important not, in effect, to subsidise their landlords.

Another difficulty, where there are no parental earnings, is that of having to keep off the grass reserved by the Ministry of Social Security. Yet, as a matter of observation, it is assisted tenants, council and private, who most often fall behind with their rent. Reasons include a sometimes shattering drop from earned income, and no help with previously affordable commitments or even with court-ordered payments. But rent allowances, which are paid in one sum with those (on set rates) for bare necessities, are an important factor.



Here another disadvantage for the work-disabled private tenant as compared with his council-housed neighbour, is that his rent may be found unreasonable not only because, as already mentioned, he has taken on more expensive accommodation than a person of small means and low station should, but alternatively and much more often because he is paying too much for mean and insanitary living space. Although part of the rent is left unmet in only about 1 per cent of cases, this represents many thousands of under assisted tenants nearly three quarters of whom live in the worst type of furnished rooms in the most overcrowded parts of industrial cities, those of London, Birmingham, Manchester and Liverpool particularly. In 1962, the only year for which there is any information, more than a third of these tenants were coloured immigrants, although they had less choice than anyone else of a place to lay their heads.

With furnished lettings increasing as a result of the Rent Act (the 1966 sample census showed that 15 per cent of private tenants in Greater London had them and the number would be considerably more now) and with rising rents, more assisted tenants are likely to suffer in this way. So would families in employment under a private rebate scheme, no doubt finding their rebate calculated against, say, only £3 10s of a rent of £5 or more. And although it might be argued that the remedy for a tenant of unfurnished rooms who can face infuriating his landlord might be to apply for a fair rent, it certainly does not follow that his opposite number in furnished rooms would do well to apply to a rent tribunal. Under the 1965 Rent Act a landlord can appeal against the granting by a tribunal of up to six months' security to a tenant. As an example of what this can mean, an unmarried mother with a young child first appealed against a rent of £4 and got it reduced to 30s. This brought her notice to quit. She then appealed for security but got none because her landlord claimed, falsely as it turned out, that repairs to her rooms could not be done unless she left.

The absurd anomaly of having already two parallel forms of rent assistance, separately financed and administered and based on necessarily differing means-tests used for quite different purposes, has been mentioned by the Prices and Incomes Board, though without understandably, proposing any solution. In this chaos, already added to by the system of rebates on rates, the poor, sometimes in employment sometimes not, cannot conceivably be expected to find their way. Yet as some indication of the contempt with which they are still regarded, society has not even seen fit to provide them with efficient guides, training neither lawyers nor professional social workers much less any of the officials behind the counters of the welfare state, for this purpose, and glibly attributing any resulting disasters to the unfortunate "inadequacy" of the poor.

This also means that the rules under which poor families are condemned to a cut



rate of assistance, making it virtually impossible to keep up their rent are very little known—even in the courts. No wonder, then, that justice, as a few examples will show, can become a casualty.

### penalties and poverty

In a recent case an Irish family with eight young children, living in a council flat, was on assistance but had, unknowingly, been wage-stopped. In order that they should not be better off than when the father was at work his unemployment benefit had been brought up to only £15 a week. The housing manager, typically, had no idea that this left the family over £2 10s short of its full entitlement and therefore unable to keep up the rent if the children, who were in rags, were to be properly fed. The only reason which his staff, some members of whom had visited the family, had been able to deduce was sheer unwillingness to pay. To add to the irony of the situation it was found, at a citizens' advice bureau, that the wage-stop had been unlawfully imposed, in that the father had earned over £15 in his normal job. In fact he had averaged over £25 working on ships' boilers and was only unemployed because the repair docks also were. This had to be verified with his employer and there was almost no time. Eviction had already been ordered by the county court and the bailiffs had been held back by the council for a week only because the children had chicken-pox. But with the quick co-operation of the Ministry of Social Security, whose area manager agreed that a junior officer had blundered, and with that of the council to which a sizable sum was refunded by the Ministry against the rent arrears, the eviction of this unnecessarily poor family was rather fortuitously stopped.

A second hardworking young father, employed by the same firm for seven years, was recently sacked without notice by a new foreman for disobeying an order to make tea for the staff. He normally did this without complaint and had only refused out of solidarity with a workmate who had refused the order first. As his employer held that teamaking was part of his normal duties, his unemployment benefit was suspended and his assistance, as the usual penalty, was cut by 15s a week, with the result that, having five children, he could not pay his rent. Yet his case, which had not yet gone to appeal, had been pre-judged, and perhaps wrongly so. No one had noticed that his employer had failed in his duty to supply him with a contract of service under the Act of 1963.

Neither of these men had been informed that where an assistance allowance is deficient there is entitlement to rate rebate, and both were paying rents inclusive of rates of nearly £1 a week. What made their position all the more desperate was that if they and their families had been made homeless, the local welfare department would not have sheltered them. It holds, without any inquiry into means or reasons



that people evicted for rent arrears could have foreseen, and therefore have avoided, his fate.

The same appalling danger attends "lone" mothers on assistance whose entire allowances can be cut off, even for the children and for the rent, on suspicion that they are "co-habiting". This can be, and is, done without any of the evidence that a court would require and, again, before the case has gone before an appeal tribunal, which may take many weeks. Indeed, nothing, I can think of, could better illustrate standards of justice for the means-tested poor. But it should be further noted that there is no legal aid provision to bring such appeals, that neither the press nor the public are admitted to the hearings.

However, where rebate is similarly cut off by a local authority there is no tribunal to which to appeal, nor can grievances against local authorities be brought to the ombudsman or Parliamentary Commissioner.

### Rights and wrongs of rebates

Really sharp rent increases such as those now planned by the Tory-controlled GLC, rising by 70 per cent within three years and producing a maximum rent of £8 10s exclusive of rates would force many more tenants to apply for necessarily more generous (but still limited) rebates. Incentives to stay sufficiently poor or to earn less by declining overtime, would then be much stronger; and with a scheme estimated to cost £6,700,000, rules and conditions, daunting enough in themselves, would well be more strictly applied. At present the applicant has to sign agreement that the Council shall have the right to check up "by any means at its disposal" on his statements. He also has to apply for another means-test every six months (otherwise rebate will cease without notice) and must meanwhile immediately report any change in his own or his wife's circumstances, or in the make-up of the household, which would step up his rent paying capacity. The GLC penalties for omissions or inaccuracies are unlikely to be harsher than those of less progressive authorities. Yet an offending tenant may have to refund the whole of his rebate or even lose his home. Naturally the need to guard against fraud attaches to all means-tests involving public money. But we need to realise that the more we have of this type of selectivity, the more the poor must feel themselves regarded as suspect and the more their freedom and privacy, and theirs only, will be eroded.

In the matter of rights, erosion has already gone alarmingly far. For instance at least one local authority department, when assessing charges for children in care, does its checking up on parents' earnings without asking their consent. It also takes the employer's word against their own signed statements, so that they can be, and to my knowledge have been, mistakenly blacklisted as fraudulent without their



knowledge. As the rules of this department's means-test, like those of most others, are kept secret, charges which seem excessive are uncheckable, and claims for arrears of payment cannot be disputed in court. There is no question of course of any evil intent. Fairness to parents has clearly never been considered as against the dictates of administrative expediency. In a recent case this had also led to the employment of a very young and inexperienced social worker to collect the facts of a family's circumstances and, partly because of a language difficulty, she had got these badly wrong.

Dangers of all these kinds are bound to increase. They also have a particularly significant connection with housing. For instance, when a family is faced (as this one was) with unpayable charges one naturally looks for any other commitments which might be reduced. Their council rent was far above their capacity. But what would have happened if they had successfully claimed a rebate? Their capacity to pay charges for their children would simply have gone up. What the effect would be on charges for a third, fourth or fifth means-tested service is not easily imaginable. To advise on this will be quite beyond the capacity of any service, legal or otherwise. But who will care as long as the illusion persists that selectivity by means test concentrates help on those who need it most?

When in 1965 the Ministry of Housing was sounded out by a Birmingham Labour councillor about rebates for private tenants, the answer was "there isn't a cat in hell's chance—too administratively difficult", and Mr Crossman himself was reported as mentioning, among "frightful snags", the dangers of inadvertently subsidising private landlords, the "overlap of social benefits," and "possible interference with housing subsidies" (*Sunday Times*, 15 October 1967).

All this is now likely to be disregarded, in the appallingly casual manner of modern politics, if it seems expedient enough. The Prices and Incomes Board has, on principle, recommended rebates for private tenants; and Birmingham Corporation has put forward its own Bill. But perhaps Birmingham's Labour Party would not have given this support if the Tory city fathers had always spoken so unguardedly as they lately have to reporters. On the question of the scheme's probable great expense they had a ready and a chilling answer: only a fraction of the private tenants needing rebate-help were likely to get it. And their equally cynical reason for this forecast as reported in *New Society* (9 May 1968) was the multiple language difficulties of the city's immigrant population. But could we ever have supposed that Birmingham's idea was to subsidise its poor coloured tenants rather than, in the long run, its big property speculators?

No Labour government, unless positively bent on suicide, can afford to forget that means tested benefits can never reach more than a small proportion of the poor



and that rebates must always be limited in amount anyway. These are unalterable facts. So what selectivists are unconsciously opting for is much greater poverty and much sharper inequality among and between tenants generally. In the rapidly expanding public sector this is bound, also, to lead to increasing segregation of the poorer families in the older, shabbier and lower-rented blocks. That the Prices and Incomes Board should have recommended an extension of local authority policy in "letting their cheaper dwellings to their lower-income tenants" as a means of lessening rebate costs shows an extraordinary lack of perception. So many of those poorer families must, as time goes on, be those of low-earning coloured workers. The dire experience of the United States ought to be warning enough. More inequality here, and more segregation, would not only be a shameful and tragic regression. It would gratuitously invite violence.

Within a capitalist economy such as ours, council housing—no longer specifically for the poor anyway—always has to compete with private interests. Even though it has achieved a record 400,000 houses in 1967, only about half are council houses; slum clearance is always endlessly delayed by local authorities having to deal with and to compensate multitudes of private owners; and these private owners not only have to be handled with due care for their profits but offered increased grants of public money as an inducement to improve their houses, and as a means of gaining higher rents. At a time of economic crisis when new housing gets cut back as if it is an expendable commodity, it becomes more expedient to go in for this latter type of improvement activity which serves as an expensive face-saver—and to give a little more help, also, to housing associations—while at the same time maintaining that quite suddenly we don't, after all, need half a million new houses a year. But a basic reason for many kinds of compromise that the privately-owned sector of rented housing is, under the impact of clearance schemes alone, rapidly shrinking. Any severe discouragement to private letting therefore becomes unaffordable.

While this situation lasts most, but not all, possible remedies would be mere tinkering, and either unlikely to be introduced by either party or unlikely, in practice, to work. There is, for instance, a strong case for taxing empty parts of houses where subletting is forbidden, and two or more houses used by the owner, chiefly or wholly, for his own occupation. We might also devise tax incentives for landlords to let to capacity—and therefore to families with children. But because of the skill of private landlords in ordering their affairs to their own advantage it would be difficult, on the experience of other countries, to make such improvements watertight.

Lack of a proper definition of a furnished tenancy has for years caused blameless tenants to lose their homes and sometimes even their children; and this has been



continually pointed out to the government, by lawyers, rent officers and citizens' advice bureaux without any effect. A furnished tenancy could, I think, be defined as one where furniture, irrespective of its value, is adequate for a family's needs, especially in number of beds, and where the family either have their own cooking, washing and sanitary arrangements or share these only with their landlord. The effect of treating all other tenancies as unfurnished, would be an extension of security of tenure as of right, a decrease in unnecessary poverty, and the removal of privileges from the least deserving landlords. Many of these, in slum areas, let rooms at exorbitant prices in their own homes. At present furnished rent tribunals can adjudicate if no furniture at all has been supplied by the landlord but a charge for electricity is included in the rent. And that is only one of at least a dozen anomalies from which the poor quite needlessly have to suffer.

In the unfurnished department, rent control by rateable value, allowing, as now, for repair and improvement increases, and susceptible also of scarcity-value deductions, is a much more equitable and workable system than that of fair rents by arbitration. It should always have been accompanied by repair allowances for individual landlords with very low rental incomes, and by readier local authority acquisition of "mill-stone" houses at fair prices. Labour, however, has turned its back on rent control.

If Schedule A tax on owner-occupiers were re-introduced, the estimated saving would now be £300 million a year. But can we suppose that the Conservatives would re-impose it if Labour, as it now seems, won't?

Tenants of underoccupied council houses and flats, willing to transfer to smaller and cheaper homes or to go to new towns, should not have to bear removal and other discouraging costs. Nor, after marriage break-ups, should fathers not having the custody of children be allowed for long periods to occupy family flats, simply, as now, because they are the legal tenants. Joint tenancies might help here. The Minister of Housing has had to exhort local authorities, when choosing tenants, not to discriminate against "lone" mothers with children, particularly those who are homeless. This is the cruellest and most shameful of all forms of selectivity.

This essay, however, has had to be concerned mostly with rent selectivity by means-test and the question now is whether there is any alternative. I think there is. It is one which by-passes actual earnings altogether.

Low earnings, it may be objected, are the outstanding cause of poverty. True enough but there are dozens of family situations which can vary it. A tenant who earns only £12 per week won't be too badly off if his wife works too, and he will be in clover if he has a bevy of high-earning typist daughters all generously con-



tributing to his rent. Means tests, which mercifully don't extend to working sons or daughters, are grossly unfair in taking no account of what, if anything, they either can or in fact do contribute and none, either, of the most necessary family spending. For instance a man earning £25 a week will still be poor, even on a low rent, if his wife has left him with three small children and a need to pay for domestic help; yet for rebate purposes he will merely be one adult with three dependants.

In fact adverse circumstances of a continuing kind, many varieties of which have now been defined by research, are a much more potent cause of poverty than low wages alone. They would be a sounder and fairer basis for help with rent.

This should essentially take the form of entitlement, as of right, to a flat-rate weekly rent allowance or (in council property, a rent reduction) payable by the local authority and for a year at a time—as tax allowances are. And just as tax allowances, though very limited in their application to need, often leave low-earners with no tax to pay, these rent allowances would completely cover and sometimes exceed the lowest rents. Thus they would very valuably enable moves to less mean and overcrowded homes, or ease agreement to the putting in of rent-increasing improvements such as the putting in of a bathroom. This kind of selectivity as well as not implicating employers or landlords, would not entail long inquisitions, complex calculations or costly armies of bureaucrats; nor would it impinge on the supplementary benefit system. But the idea, once taken root, fairly sprouts advantages of a much more positive kind.

Among the families qualifying would be those with only one parent or guardian, and those with a member of the household who can't work because of age or disablement, chronic illness or handicap—and whose care often prevents, also, a wife or daughter from working. We need to remember, here, that there is still no entitlement to assistance in certain cases of the most poignant need. There is, for instance, none for the disabled wife of a working man, no matter how little he earns, and none, either, for a child of his in similar condition if not yet 16. The same, of course, applies if the family's full-time earner is the wife, but she will be lucky to earn half what a man can in the same number of hours. Also, if a woman has no husband, she gets no tax allowance for a housekeeper, as a man in the reverse position does—not that either may earn enough to benefit from this or from tax allowances for dependant or disabled relatives in any case. Indeed this is a major and well-recognized disadvantage of the tax system in its capacity of relieving poverty. Indeed there is a strong case for helping certain tenants in certain types of low paid employment officially listed as such and therefore obviating the need for means-tests. Included might be low earning parents none of whose children have yet left school—so helping the poorest children who want to stay on.



Also benefiting might be many women living alone and trying to support themselves on the proceeds of, say, shop-assisting or office cleaning.

More pitiful still, people who depend on others to give them a home, and who are themselves poor enough to be entitled to assistance, get such a derisory allowance towards the household rent that they are bound to feel miserably dependant and sometimes find that they are unaffordable burdens. Under Labour's Social Security Act of 1966 that allowance, whether paid to a crippled grandmother or to a young mother with a baby, is precisely 10s a week. But even that is not the full extent of our discouragement of so-called community care. That mother with the baby or with more than one, whether she is widowed, deserted, separated or unmarried, gets a smaller than normal living allowance for herself if she is under 25 and smaller again the younger she is.

It might be argued that this in itself is a form of group selectivity, by dependance and by age, and therefore that such a system can be harsher than selectivity by means test. But the comparison won't hold water. Before being so treated all the victims have already been means tested. And precisely because they are on assistance it is not they who would directly benefit under the present proposal, but the wage-earning tenants in whose homes they live and who would get help with the rent on their account. In this way people who might otherwise have to try almost impossibly to manage on their own or be condemned to public institutions, or surrender their children to strangers need no longer feel themselves to be, financially at least, liabilities. On the contrary, if allowances were sufficiently generous, this could even lead to working sons moving out to make room for them. At present it can be a hardship for a family to shed a son contributing, say, £3 per week in place of a homeless daughter and baby barely able to contribute ten shillings. And in working-class circles, much more than in those of the middle class, sons tend to go on living with their parents at least until they marry, often returning, also, when marriages break up. So this system could bring about all sorts of progressive social changes which are now most uneconomically blocked.

But the wider principles at issue are even more vital. In advocating this kind of group selectivity, without applying it specifically to housing, Professor Richard Titmuss writing in the *New Statesman*, has this to say: "It is in such practical ways which do not involve an assault on human dignity, which are not socially divisive, and which do not lead to the development of two standards of service for two nations that more redistribution can be effected in favour of those whose needs are greatest."

Will Labour accept this radical and dynamic challenge?



### 3. a national housing allowance scheme

Hella Adam Nevitt

It is perhaps always dangerous to isolate one aspect of a problem for detailed examination while implying that all other policies and problems are held constant; the current debate on housing problems has now reached a stage when it seems desirable to put forward a definite set of proposals in order to attract counter proposals and to clarify some of the issues involved. For this reason I am taking the risk of putting forward proposals for a national housing allowance scheme (NHA) without waiting to write at length on all aspects of poverty and housing policy.

In the issue of poverty and income distribution it is sufficient to stress that my proposals amount to no more than a means tested housing supplement to family allowances; the scheme outlined can be regarded as a complement to family allowances just as supplementary benefits complement national insurance benefits. The reasons for putting forward this proposal rest partly on a reluctant rejection of negative income tax proposals on the ground that they would constitute too great a work disincentive, and partly on the assumption that politically we are not yet ready for such a radical change in the functions of the Inland Revenue. In view of the current distress that "high" rents are causing to some low income families it also seems a matter of pressing importance that proposals put forward should have a chance of obtaining a wide body of support rather than that they should conform to any "ideal" of income distribution.

Housing policies which are not specifically discussed in this essay but would clearly influence the success or failure of an NHA scheme are:

Regional and employment policies; if we fail in these a housing allowance will only push rents and house prices up in overcrowded areas.

Rent policies; throughout the essay there is the implicit or explicit assumption that local authorities will set rents to cover the historic costs currently recorded in their housing revenue accounts and that some form of rent regulation continues for furnished and unfurnished tenancies.

That the private landlord housing sector continues to decline and that local authority, housing association and owner occupation is expanded; if this does not occur the proposed allowances would have to be higher to cover the private landlord's profit return on capital.

That the government and private builders continue to develop technological improvements in building methods; and that in the next ten years housing policy shifts from a concentration on new building, to the preservation and conversion of existing dwellings; if this does not occur the proposals made for a change in local authority housing accounts would be extremely costly.



The criteria which it is hoped that an NHA scheme would meet are listed below :

1. Be applicable to each housing sector. (Local authority dwellings, privately rented dwellings both furnished and unfurnished, owner occupation and "tied agricultural or other dwellings).
2. Be available to all householders of limited means on a uniform scale of payments.
3. Have no significant work disincentive effects.
4. Increase the amount of aid given to the poor while not significantly reducing the aid already given to those only slightly better off.
5. To keep the direct cost of the NHA scheme within the limits of existing budgetary possibilities.
6. To consider the relationship of an NHA scheme to other taxation and income maintenance policies and to co-ordinate them.

This is not a very ambitious list of objectives and they would be easy enough to reach if we could start afresh and replan the whole of our housing policies. Given however that there is little room for change in the present system the achievement of each of the criteria becomes extremely difficult. An obvious difficulty in making the scheme available to all is the abolition of schedule A and the introduction of the option mortgage scheme. Neither can now be withdrawn and their existence seems to necessitate a restriction of the proposed NHA scheme to tenants and those owner occupiers who live on transfer incomes. [While this is in many ways unfortunate it does not seem wise to take too theoretical a view of this position and recommend the re-introduction of schedule A unless one is also prepared to recommend the re-introduction of the taxation of local authority rent revenue.

The time may have come for the central government to withdraw from the taxation of all residential rent revenue; dwellings could then become the special tax preserve of local authorities. A move in this direction would make it possible for private landlords with houses subject to rent regulation or control to obtain some form of depreciation allowances while simultaneously increasing the revenue raising capacity of local authorities. However, no matter which arrangement is made for the taxation of rental values, it is only by the withdrawal of the option mortgage scheme and the modification of the present tax regulations regarding interest payments, that could make it equitable to include owner occupiers in an NHA scheme.



Two rather different types of difficulty stand in the way of achieving the fourth objective of helping the poor while not taking away help from those householders who are not quite so poor. These are the current high costs of building and some of the accounting procedures of local authorities. It is however hoped that the proposals outlined in this essay take these difficulties into account and will minimize the inevitable difficulties which must arise when one system of subsidy is superseded by another.

The relationship between existing tax levels and government payments present almost insuperable problems and many readers of this essay must be left wondering whether one of the causes of poverty today is not that we are too concerned with the "future". On page 83 an example is given of a family with three children in which the husband's earned income is £14 8s 5d per week. With family allowances and the proposed housing allowance this family would obtain £3 8s 0d per week from the government; but at present pays to the government 20s 8d to cover future economic periods of difficulty such as unemployment, sickness and old age. An examination of lower income families' difficulties of simultaneously living in the present, and taking care of the future, suggests that one of the best methods of relieving poverty would be the abolition of national insurance payments and their incorporation into the progressive income tax scales. However such a radical change does not seem likely to be introduced in the foreseeable future and the NHA scales proposed take this into account.

### Housing revenue accounts

Local authority housing has historically been provided for families in which the head of the household is at work. Therefore, before discussing an NHA scheme for employed householders some suggestions will be made for the reform of local authority housing finance and rent policies. No national scheme can be introduced into the present mosaic of differing policies and rent levels.

First it must be established that the purpose of local authority housing activity is to provide houses at rents which their tenants can afford to pay. This means building flats or houses which cost approximately three times the annual income of the average occupier. When the building is new the rent will then absorb 20 per cent of the occupier's earned income and perhaps 10 to 12 per cent of the household income (earnings of husband and wife plus family allowances). This of course only covers the cost of building and excludes the land element which is very variable but usually adds about 10 per cent to the building costs. Sometimes however, local authorities build dwellings which are much more expensive; five or even seven times the occupier's income. If they do this they are often entirely concerned with providing houses for those in need. They could be



with improving their town by clearing slums, reducing densities, improving road transport, building a shopping centre, preserving an open space or a low density select residential area like Dulwich Village, Blackheath or Hampstead Garden Suburb. All very worthy causes but each individually raising housing costs and together creating the pauperisation of half the population of tenants.

The town planning costs listed above should be separated from the housing revenue account and made a general charge upon the rate payers. To do this the costs of each scheme should be examined and allocated either to a slum clearance account or to a town planning account. The only costs which should be entered into the housing account are the costs incurred exclusively for the purpose of providing houses for those who want them. The wish to have a dwelling cannot however be divorced from the price to be paid for it and many tenants are now finding that, whether they like it or not, they are having to rent a council flat built to an extremely high standard. As we are building for "the future" prices have inevitably exceeded the current levels of income and introduced a lack of harmony between rents and incomes. Until incomes catch up with these high standards, which are producing rents of £8 per week for families earning £14 to £18 per week, some of the costs incurred should be isolated into an account called "benefits for future ages". The capital debited to these accounts cannot be repaid until wages catch up with the high building costs. As and when this occurs the capital debt could be transferred to the housing revenue account and rents raised to meet the amortisation costs. In the meantime the interest on the capital allocated to the "future ages" account would have to be met by all the ratepayers as a whole.

There are also certain less major but important technical points which should be dealt with before a national scheme of housing allowances is introduced. First, all existing Exchequer subsidies should be withdrawn. This would include improvement grants as well as subsidies for new construction. Secondly local authority rents should be set with reference to certain well defined costs. These would exclude the costs incurred for reasons stated above but include the amortisation of debt, and the repair and management costs. Costs incurred in respect of a "land bank" and "land and work in progress" should be excluded from the housing revenue account until the projects upon which the costs have been incurred are revenue producing. The current borrowing rate of interest can be charged to a loans pool, but the housing revenue account might be charged the average pool rate rather than the current borrowing rate. Sinking funds should of course be accumulated at the highest attainable rate of interest. Certain costs such as those incurred to keep the housing waiting list or to undertake welfare work amongst elderly tenants or families with special problems, should be excluded from housing accounts and transferred to welfare accounts.



If these reforms were introduced most local authorities would be charging *average* net rents a little below £2 10s per week. If the inflation in building costs which has occurred since 1945 was taken into account in setting rents the average level of net rent would be about £3 to £3 5s per week. This level would give a "replacement cost rent" with an extremely low rent element for the land occupied. In a period of income constraint *and* a large local authority building programme the pooled historic cost level of rents might be used, but it would be advisable to shift to the replacement cost basis once an NHA scheme had been in operation for several years.

### Family incomes

The following statistics have been estimated from the report of the Commissioners of HM Inland Revenue for the year ending 31 March 1966. This is the best source of statistics for a housing allowance scheme provided that it is agreed that only the husband and wives joint income should be assessed in computing the amount of allowance to be granted. The figures quoted all related to the year 1964-65 and should be increased by about 15 per cent to give an approximation to the 1967-68 levels of income.

#### MEDIAN INCOME OF COUPLES BY SIZE OF FAMILY

Family size*	1964-65			1967-68†		
	£	s	d	£	s	d
<i>1 child</i>						
wives not working	16	5	4	18	10	0
wives working	21	1	11	24	0	0
<i>2 children</i>						
wives not working	17	10	0	20	0	0
wives working	22	4	3	25	10	0
<i>3 children</i>						
wives not working	17	14	11	20	10	0
wives working	22	7	0	25	15	0
<i>4 or more children</i>						
wives not working	18	2	4	21	0	0
wives working	22	14	8	26	0	0

\* married couples plus stated number of children.

† estimated.

Source: 109th report of the Commissioners of HM Inland Revenue, tables 85 and 86.

The median income has been given, because the whole idea of a housing allowance is to help those who are poorer than average to enjoy a standard of living nearer to



that enjoyed by those with average incomes. Thus the median income should be taken as the dividing line beyond which we do not wish to give any direct housing subsidy. Below this median income the subsidy has to be scaled to even out the disparity in incomes and meet the variations in family responsibilities.

The table below gives an estimate of the number of families which might be eligible for a housing allowance. The figures have been drawn up on the assumption that all married couples and single persons with dependent children will be householders. This is not necessarily true today but the introduction of an NHA scheme would clearly make it more possible for these families to have a separate home. The figures therefore reflect in part future possibilities and are not a precise reflection of the present housing circumstances of all families.

#### HOUSEHOLD CHARACTERISTICS AND ESTIMATE OF HOUSEHOLDS ELIGIBLE FOR A HOUSING ALLOWANCE

household type	proportion of all households	eligible for housing allowance
married couples—no children	34.5%	Nil
all 1 child families	17.3%	8.65%
all 2 child families	14.3%	7.15%
all 3 child families	6.0%	3.0%
all 4 plus child families	3.8%	1.9%
1 or 2 person with 1 or both retired	13.9%	13.9%
others—single people and multi-adult	10.2%	Nil
total	100.0%	34.6%

The second column of the table is calculated on the assumption that half the population of families will obtain a housing allowance which will bring their incomes nearer to the average for their group. Thus a 1 child family in which the wife is not working would obtain a housing allowance which brought their income nearer to £18 10s per week, but did not exceed this figure. A three child family would obtain a housing allowance which brought their income nearer to the £20 10s average income for families of this size. In order to prevent the scheme acting as a disincentive to wives who wish to work, the "target" income for these families would be the higher median income of the "wives working" families (estimated at £25 15s in 1967-68).

The scales of allowances selected will depend upon the success with which local authorities keep down costs and can be persuaded to set rents according to a single set of rules. If we assume that during the period 1968-75 they all moved to a



system of "historic cost" rents, rents would be much more uniform over the whole country than they are at present. In 1968 they would have averaged about £2 8s per week with variations from about £1 12s 9d to about £3 9s 3d. (National Board for Prices and Incomes report no 62, *Increases in rents of local authority housing*, pp 16-17, HMSO, Cmnd 3604). If London is excluded the variation in average rent levels would have been from £1 12s 9d to about £3. This relatively slight difference in housing costs from one part of the country to another might make it convenient and economical to introduce a very simplified form of housing allowance. One which would be a means tested supplement to family allowances, just as the present supplementary benefits is a means tested supplement to national insurance benefits. The scale of allowances given below illustrates the proposal and that on the next page gives some indication of its cost.

#### SCALE OF HOUSING ALLOWANCES ACCORDING TO FAMILY SIZE AND INCOME

Income range	one child		two child		three child		four child and over
	wives not earning	wives earning	wives not earning	wives earning	wives not earning	wives earning	
	£ s	£ s	£ s	£ s	£ s	£ s	
less than £700	1	0					
less than £800		1 10	1	5			
£700-£800	-	15					
less than £900				1 15	1	10	
£800-£900	-	10	1	0			
less than £1000						2	0
£900-£1000		1 0	-	15	1	5	
£1000-£1100		-	15	1	5	1	15
£1100-£1200		-	10	1	0	1	10
£1200-£1300						1	5
£1300-£1400						1	0
less than £1400							2 0

The housing allowances suggested above have been designed for maximum simplicity. The basic allowance is £1 per week for a family with *one* child. If the income of the family (wife not working) is less than £700 per year the full basic allowance is paid. If the wife is working an extra 10s is added to the basic allowance and the maximum joint income of the family is raised to £800. For each £100 above these income figures the housing allowance is reduced by 5s. For each additional child an extra 5s is added to the basic allowance which is paid on incomes increased above £700 by £100 for each child. Thus a 3 child family



obtains a basic allowance of £1 10s payable on incomes less than £700+£200=£900. A seven child family would obtain an allowance of £1+£1 10s=£2 10s per week on incomes below £700+£600 = £1,300. In the last column of the table below a very crude estimate has been made of the cost of giving allowances to large families as statistics are not available for any more reliable estimate.

ESTIMATE OF ANNUAL COST OF HOUSING ALLOWANCES IN MILLIONS

	one child		two child		three child		four child and over
	wives not earning	wives earning	wives not earning	wives earning	wives not earning	wives earning	
less than £700	19.8						
less than £800		8.7	22.5				
£700-£800	8.9						
less than £900				9.0	19.8		
£800-£900	6.9	5.4	11.8				
less than £1000							8.3
£900-£1000		5.8	9.6	5.4	6.9		
£1000-£1100		4.8		5.6	3.9	2.7	
£1100-£1200		3.5		4.0		2.3	
£1200-£1300				3.0		1.5	
£1300-£1400						1.3	
less than £1400							33.0
total	37.6	28.2	43.9	27.0	30.6	16.1	33.0

The total cost of the scheme laid out in the table is £216.4 millions but if we exclude owner occupiers who have the option mortgage scheme the overall cost might fall to about £175 millions. Approximately half would go to council tenants and half to the tenants of private landlords. At present the subsidies amount to about £200 millions, (about £125 millions borne by the Exchequer and £75 millions by local rate payers) so that the costs of the scheme proposed here are well within current budgeting possibilities.

The advantages of the scheme proposed are extreme administrative simplicity. Families applying for a housing allowance will not have to declare their exact income. For one and two child families without working wives 20 per cent of the families have only to declare that their current income is *less than £700* or *£800* respectively. For three child families one-third have only to declare an income of *less than £900*. This greatly simplifies the income checking procedures and the applicants difficulties. Fluctuations in overtime become fairly unimportant within



a range of £100 and errors made in one year could easily be offset in the following year. This rule should apply both to underpayment and overpayment. Where for example a family fails to apply for their allowance and comes to the notice of a social worker because of financial and other difficulties, it should be possible to obtain unclaimed housing allowances for a period not exceeding twelve months. Overpayments can in this scheme be drawn back from the recipient as the income levels at which they are allowed to draw in allowance are sufficiently high to enable repayment without undue hardship to wives or children.

The proposed allowances end abruptly at the median income but rents do not rise proportionately to income and as soon as incomes exceed the average national income level the rent/income proportion tends to fall so that the loss of a housing allowance can hardly exercise a strong work disincentive. The allowance will of course fall back as each child leaves school so that the scale above must be read up and down each column and across from right to left and vice versa. This characteristic of the scheme makes it quite unnecessary to take any account of earning children as the following examples show.

#### PAYMENT OF ALLOWANCES AND TAXES OVER THE LIFE CYCLE OF A THREE CHILD FAMILY

	all 3 children at school			after 1 child has left school			after 2nd child has left school		
	£	s	d	£	s	d	£	s	d
<i>husband earning £750 (£14 8s 5d per week)*</i>									
housing allowance	1	10	0	1	5	0	–	15	0
family allowance†	1	18	0	–	18	0	–	–	–
income tax 1968–69	–	–	–	–	2	8	–	8	0
national insurance ††	1	0	8	1	0	8	1	0	8
net cash payment to family	2	7	4	–	19	8	–	–	–
net cash pyt. to government	–	–	–	–	–	–	–	13	8
<i>husband earning £950 (£18 5s 4d per week)*</i>									
housing allowance	1	5	0	–	15	0	–	–	–
family allowance†	1	18	0	–	18	0	–	–	–
income tax 1968–69	–	8	4	–	16	11	1	6	0
national insurance ††	1	4	4	1	4	4	1	4	4
net cash payment to family	1	4	4	–	–	–	–	–	–
net cash pyt. to government	–	–	–	–	7	3	2	10	4

only husband at work and family allowances not assessed as "income" for computing amount of housing allowance.

as from October 1968; †† including graduated pension contribution.



This example shows that by discounting the first child the family allowance system in combination with a housing allowance only gives substantial help to large families. It follows therefore that the removal of this help is all that is necessary when the children grow up and the family moves back towards the initial stage of man, wife and one child.

If the simplified type of scheme suggested here is not liked on the grounds that it gives insufficient help to the very poor, we have to shift over to a more precise method of relating the three variables; income, rent and family responsibility. In the above scheme we have only the two variables incomes and family size and many people may feel that it is essential to bring rent into the calculation. There are however many disadvantages in doing this. First it necessitates individual means test calculations. Each family must declare its income (which will be checked) its rent which may be regarded as "unreasonable" on the grounds of under occupation or too luxurious occupation. A part or the whole of the rent may therefore be disallowed at the discretion of an official.

If a national housing allowance scheme were introduced on the lines suggested above it is most unlikely that we would continue to hear from Conservative councillors that everything short of eviction should be used to get rid of richer council tenants. The removal of subsidies from housing revenue accounts and their concentration upon families with incomes below the average would remove the justification for such vicious views. By the creation of an atmosphere in which councillors and tenants could co-operatively manage their affairs instead of throwing counter-accusations of mismanagement and mis-use of subsidies at one another, much would be done to remove housing issues from the forefront of political controversy.

There is however one further point which must be brought into the open before council tenants can feel secure. The rents which I have suggested, are based upon past costs of building and land purchase and while this remains the basis upon which rents are set, council tenants will enjoy an advantage over other householders. While the advantage remains Conservative councillors will harass the richer tenants by talk of under occupation and the low proportion of household income taken in rent. As we move into the twenty-first century this will become a much more acute issue because the land upon which council houses stand will be purchased and no land cost will enter the housing account. This must clearly put council tenants into a privileged position vis-a-vis other householders, owner occupiers, for example, will continue to pay for their land and land prices will continue to rise.

It is up to the Labour party to find a means of meeting this challenge and laying down some socialist principle to deal with the land element.



a paper ("A tax on land as a rent") given to The Land Institute in April 1968 I suggested that one way of dealing with this problem would be to separate the land rent from the building costs by nationalising all local authority land used for housing, and leasing it back to the authorities at a peppercorn rent. The local authorities would remain responsible for all their present housing functions but would have leasehold instead of freehold land. Tenants would pay a building rent to their local authority and the housing allowance would be a payment for this element. In addition they would pay a land rent through the PAYE for the land they occupied. Normally the land value would be between £200 and £400 and if the rent was set at 20 per cent, an addition of £40 to £80 would be made to tenants' income exactly as schedule A used to be added to own occupiers' incomes. In this way a local authority tenant would pay two rents; one for the building and one for the land if they had a high enough income.

Low income families would pay nothing in respect of this land rent addition to their income; some would pay at 4s in the pound (£8 to £16 per annum) others would pay at 6s (£12 to £24) and some at 8s 3d or what ever was the current standard rate of tax. These are extremely small sums of money per family but the average payment made by 5 million council tenants was £10 per year the revenue is £50 millions. One of the special advantages of the scheme is that the rate of the land could be varied according to the town in which the property was situated. Thus in towns of acute housing shortage the local authority could be requested to give special priority to the poorest families and the land rent of extremely expensive land (£2000 to £4000 per dwelling) could be set at "preference" levels (say 1 to 2 per cent). Such an arrangement would cover three or four of the larger cities but for the rest of the country a full rental could be charged through the tax system without causing the slightest hardship to anyone. Such a scheme would give tenants a maximum security and should go far to stop accusations of "feather bedding".

### the administration of the scheme

As the scheme amounts to a supplement to family allowances the Ministry of Social Security could most sensibly be made responsible for the NHA scheme. They already have information relating to families with more than two children and to the incomes of all employees who have not been opted out of the graduated pension scheme. The Ministry work would of course have to be extended to cover lower income one child families and this would add about 1.5 million families to their work load. However many of these families will already be known to them as they will at one time have been two or three child families.

With the introduction of earnings-related benefits both the Ministry and parents



will rapidly become more efficient in checking incomes and keeping records of earnings. At present the Ministry is experiencing some difficulty in keeping a check on incomes because employees seldom keep their pay slips or other income record documents. However, just as most women find it easy enough to keep their marriage certificate safe, it may be supposed that we shall all quickly learn to keep official records of income payments if the payment of earnings-related benefits or a housing allowance depends upon them.

It will also be remembered that in assessing the work falling upon the Ministry of Social Security the existence of a housing allowance can be used to lighten the load of the Supplementary Benefits Commission branch of the Ministry. At present supplementary allowances are available after a means test to people out of work for one reason or another, and supplementary pensions are available to men over 65 and women over 60. The existence of an NHA scheme is bound to reduce some of the need for supplementary allowances during temporary periods of sickness or unemployment.

For pensioners and householders suffering longer term periods of unemployment, supplementary pensions and allowances will still be necessary and four changes in the present Supplementary Benefits Commission arrangement might be introduced with an NHA scheme. First, the right to refuse to pay an allowance to cover the rent on the grounds that the rent is "unreasonable" should be withdrawn from the Supplementary Benefits Commission which should instead be given the duty to report all rents regarded as "unreasonable" to the rent officer for determination of a "fair" rent under the provisions of the Rent Act 1965. When the rent is regarded as "unreasonably" high because the tenant is "underoccupying" large accommodation or living in a very expensive district, the Supplementary Benefits Commission might be given the right to ask the local authority to offer alternative accommodation to the tenant. Until the local authority was able to comply with this request the rent actually paid should form the basis for calculating the allowance payable to the tenant.

Secondly owner-occupiers should have the right to receive a supplementary allowance calculated on their full mortgage payments (interest plus capital) together with rate payments. It would however be necessary for the Supplementary Benefits Commission to have the right to refuse the payment of an allowance on mortgages which were entered into solely for the purpose of obtaining an allowance. Such cases would be extremely rare but it is possible to imagine an unscrupulous estate agent telling someone of 60 not to worry if they cannot pay the mortgage by the time they retire, as the Supplementary Benefits Commission will pay it for them. As there is no control over mortgage rates of interest it would also be advisable to give the Supplementary Benefits Commission the right to refuse to pay an allow-



ance towards interest payments which greatly exceeded the current building society and local authority rates.

Thirdly, except in the case of retired householders no account should be taken of adult sons or daughters living in the household when a housing allowance is claimed. This is for two reasons, first because one of the primary purposes of an NHA scheme is to relieve poverty while maintaining the dignity of the householder. For the majority of men one of the most cherished masculine prerogatives is the provision of a home for their family. To insist upon a contribution towards the rent from a son or daughter is to make a fundamental attack upon that prerogative and to undermine the authority of the parent within the family home. This is especially true while the man is still in the prime of life and his son, at perhaps eighteen or nineteen years of age, is showing the usual signs of independence and separation from his parents. In retirement the position may be rather different because the age gap no longer produces quite such an unbridgeable gulf. This is not of course to suggest that sons and daughters ought not to contribute to the family housekeeping when they go to work, but that it is a family matter and should not concern the Ministry of Social Security.

The second reason for ignoring the contribution of young adult earners is that on any scale of Ministry of Social Security benefits the parents lose cash payments when their child goes to work. For example the present supplementary benefit for a child aged 11-15 is £1 17s per week. To introduce a rent contribution as well as withdrawing the £1 17s is to "double count" the benefit to the family of the child's earning capacity. It may also be assumed that many of the unclaimed benefits which come to light in social surveys are due (at least in part) to sons and daughters formally assisting their parents so as to avoid the necessity of an application for supplementary benefits, free school meals and so on. If the rate payer and the ratepayer obtain the benefit of these unclaimed rights to assistance, they should not apply any pressure when an informal arrangement between child and parent has not entered into.

Finally the existence of an NHA scheme should make it possible for many individuals obtaining one of the Ministry of Social Security benefits to claim the housing allowance at the same time as they claimed the sickness, unemployment, widow's, retirement or disablement pension. As the NHA gives a right where at present there is a discretionary payment through the Supplementary Benefits Commission it would mean that in most cases people would not wait until they were desperate before applying for additional aid. The application forms for a family allowance, pension, unemployment or sickness benefit could contain two simple questions relating to housing allowances. First, do you already draw a housing allowance, and secondly is your weekly income below £15 per week?



£20? £25? £30? This information together with the size of family would let the Ministry of Social Security clerk know roughly whether or not the applicant was entitled to a housing allowance. If there was any probability that they were entitled to it, full details of the allowances available for their size of family could be sent with the first national insurance or family allowance payment which they were claiming.

The tenants of "tied" cottages or caretakers in flats or houses might have the housing allowance they were entitled to receive held in abeyance while they were not paying rent. The rental value of their accommodation should be added to their money incomes for the purpose of calculating the housing allowance to which they were entitled and this could then be "saved" for them by the Ministry of Social Security. When they left their job the money could either be paid to them in cash to enable them to buy a house, or if they obtained a local authority dwelling some arrangement could be made for them to get a higher weekly housing allowance (say an extra 10s per week) until the "saved" housing allowance was exhausted. This would create an inducement to local authorities to build additional dwellings to meet the needs of retired agricultural workers and caretakers.

### summary and cost of the scheme

The proposals given above are a fairly radical reform of our present housing subsidies but they make use of instruments already in operation. My main plea is for a practical solution to the problems of poverty in so far as housing is an aspect of this social ill and to direct subsidies to those who need them and obtain a land rent from those who can pay it.

This means a willingness to adapt our ambitions to the possibilities available to us, and in particular for an effort on the part of local authorities to build houses which those who need them can afford. If they are not doing this they must justify the extra expense as a town planning benefit or as a benefit to future generations. All such costs should be borne by the general body of rate payers. It is impossible to estimate these costs as no one has yet tried to isolate them from the costs of providing houses, but in general any authority which is currently building dwellings which cost more than £3600 must be engaged in town planning activities, or building for the future or simply wasting money.

If the government's proposal to pay higher compensation for unfit houses is introduced the extra payment should be borne by the rate payers and entered into a "slum clearance" account as such payments are made for something society intends to destroy. The site value is of course a housing expense but compensation to a displaced owner occupier or a landlord who has maintained his house well, is the



recognition of a mistake. In effect society is saying "you, (and we) thought those houses would last longer than we are now willing to allow; we find that we are rich enough to be able to pull them down and build something much better." It is not reasonable to expect council tenants to pay for such mistakes.

#### NET COST OF PROPOSALS (ESTIMATES)

<i>savings</i>	
reduction in housing subsidies	£200 millions
reduction in supplementary benefits‡	no estimate possible
<i>costs</i>	
payment of housing allowances	£175 millions
allowances to cover owner occupier's capital‡	no estimate possible
allowances to cover "unreasonable" rents‡	no estimate possible
removal of children's contribution in need calculations‡	no estimate possible
local authority town planning account	£10 to £20 millions
local authority slum clearance account	£1 to £5 millions
local authority future benefits account	£0 to £5 millions
<i>PAYE land rent proposal</i>	
assuming an average payment of £10* per year	£50 millions
less payment of debt charges on land†	£30 millions

‡ costs borne by Supplementary Benefits Commission.

\* assuming that 50 per cent of local authority tenants have such low incomes that they pay nothing and the other 50 per cent pay an average of £20 per year.

† based on assumption that about 10 per cent of present local authority housing account debt charges were incurred for the purchase of land.

In general the scheme would decrease local authority rate subsidy to housing and increase the amount borne by the Exchequer. If a land rent was charged through the PAYE system some of the increased central government expenditure would be offset by this revenue. Over a period of time as incomes rose and the debt outstanding on the land was fully repaid, this rent revenue might rise to a fairly substantial amount. However some of the increase in Exchequer revenue due to this factor would be offset by increases in the scale of housing allowances which should keep pace with increases in average incomes.

In conclusion the scheme might be said to lay down a Charter of Rights for all tenants and the owner occupiers who are not in the labour force. Everyone would obtain greater rights to financial assistance over periods of temporary misfortune and retirement. The stigma attached to council tenants should be removed if they all pay a rent which covers the full cost of building the dwellings they occupy, while all those with sufficient income also pay a land rent which reflects the fact



that they are enjoying the occupation of a national asset. Once council tenants are paying a full rent when they can afford it, local politics will no longer use these tenants and their subsidy as a conveniently emotive election issue; the tenants thus relieved of election gimmicks and pressures can relax in the knowledge that they can peacefully enjoy their tenancies without fear of random rent changes.

When combined with the provisions of the Rent Act 1965 a national housing allowance scheme can also be viewed as part of the process of creating an equitable solution to the problems of the privately rented sector. Without rent regulation a housing allowance for poor families would only push up rents in the larger crowded towns; but with both rent regulation and a housing allowance the 1957 Rent Act controlled tenancies could, without causing hardship, be raised to the "fair" rent level. An NHA scheme can therefore be regarded as an essential ingredient to any rationalisation of both the private and the public housing sectors.



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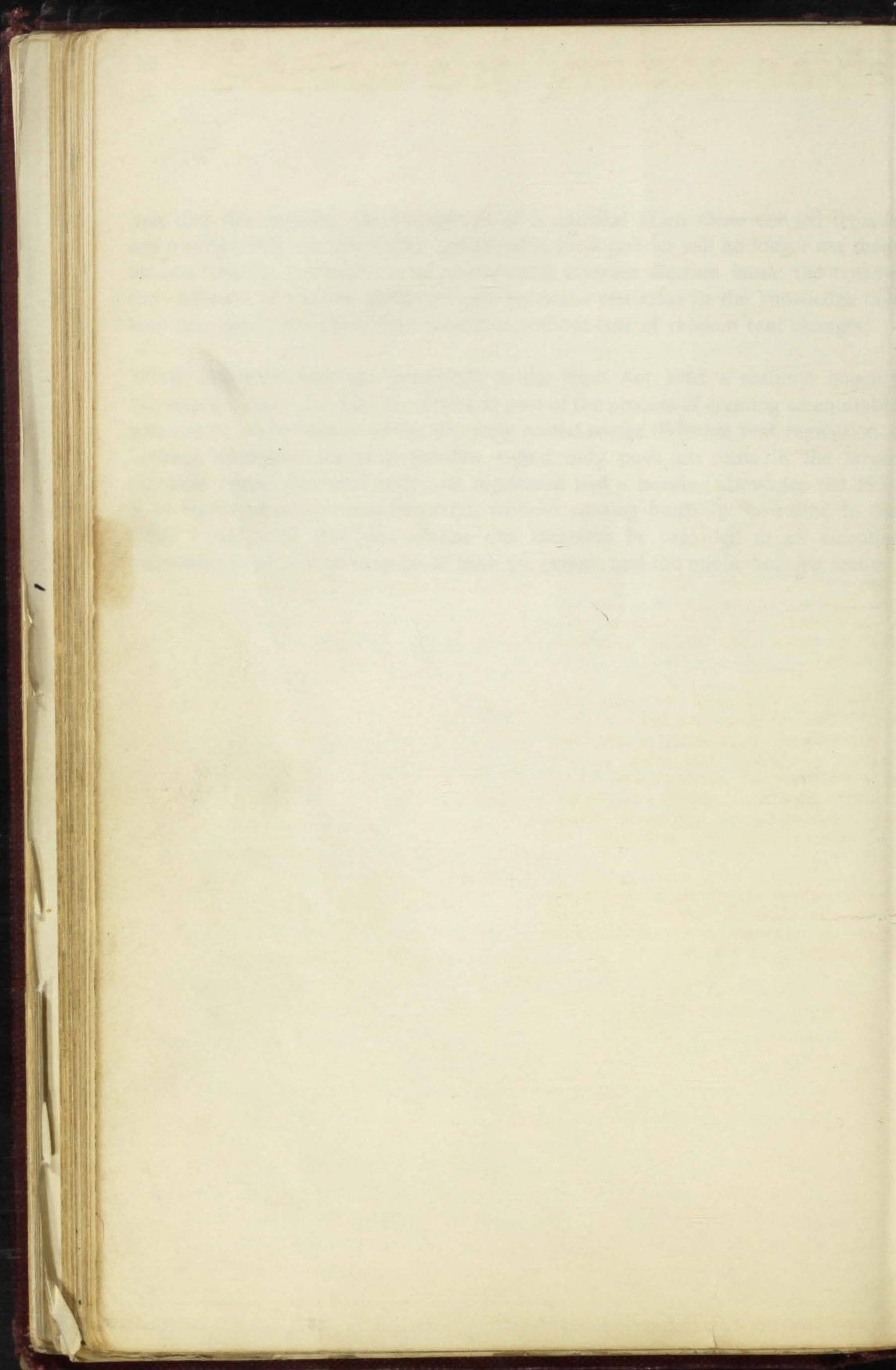
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# Fabian society the authors

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