



# Shapps has cunning plan to put new houses in Newham

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TO Newham council offices on Tuesday for a cup of tea with the Mayor, Sir Robin Wales, who said he had just written to Housing minister, Grant Shapps, asking if it would be OK for the council to borrow £200 million to buy 4000 cheap houses to help cut his 28,000 waiting list: to Westminster on Wednesday for lunch with Shapps and a chance to pose Sir Robin's question directly.

The 42-year-old minister is not acquainted with the Mayor of Newham, nor had he been acquainted with the letter. No matter: "as long as it is legal they can do it," said Shapps, embracing the new spirit of localism.

"Councils have 'prudential borrowing' powers, and are free to use them," said the MP for Welwyn Hatfield cheerfully. Sir Robin will be cheered to hear that.

But the Kilmarnock-born Labour Mayor is less cheery about last week's spending review. It will force him to cut the council budget from £450 million a year to £360 million. "This is serious shit. I bet no Government department will come within a mile of doing the same. They will fail miserably." The former BT credit and fraud specialist, who was elected Mayor in 2002, says he doesn't intend to fail. "But we will not be cutting front-line services." What looks like being cut is the terms and conditions of the 4500 council staff employees and a rationalisation of the 800 buildings owned by the council, who 18 months ago moved into what feels like an airport terminal opposite City Airport.

But lack of housing is the big issue, hence Sir Robin's desire to buy. Well, Shapps has a plan that not only saves councils money, but gets houses built. His own invention is called the New Homes Bonus plan. It will be made flesh in the Localism Bill due to be published in four weeks' time.

But the bones are well known: councils get to keep the council tax for six years on every new home built.

Sceptics say this will not incentivise councils who are rapidly abandoning Labour housing targets. Shapps says nonsense, and that the £1 billion set aside for the scheme is more than enough.

"People will discover that we have overfunded the plan. It will make a huge difference to a small council building 300 new homes."

Needless to say, a large council like Newham has hundreds of acres of land along the north bank of the Thames, where thousands of unbuilt new homes already have planning permission. Perhaps the minister could get someone on his team to work out how many, and then send Sir Robin a calculation of how much money he might save by encouraging housebuilders to start? There may also be another cunning plan hidden in what will be a huge 300-clause Bill. It is well known that Shapps wants to encourage rural communities to build homes for local people, if there is a 75% vote in favour. For a start, that percentage might drop to 50%. Second, the plan might be extended to urban communities — like Newham.