



Securing the Future of Council Housing

Establishing a 'Green and Decent' homes programme

Policy Proposal

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Contents

| | |
|---|-----------|
| Introduction..... | 3 |
| Background | 4 |
| The case for council housing..... | 6 |
| The need for a ‘Green and Decent’ Homes Programme..... | 7 |
| Our ‘Green and Decent’ Homes Proposal | 9 |
| Delivering ‘Green and Decent’ Homes | 12 |
| Securing the Future of Council housing..... | 13 |

Introduction

A safe, secure, affordable, and good-quality home is essential for a long, healthy life and for building thriving communities.

Yet council housing, which provides homes for millions of residents, is facing an existential crisis. Finances are at breaking point, with rising costs, falling income, and new regulations making it increasingly difficult for councils to maintain and modernise existing homes or build new ones. Poor-quality housing has far-reaching negative impacts beyond the physical condition of bricks and mortar. It has damaging and detrimental effects on the people who live in them and, more broadly, drives up NHS and social care costs, worsens health inequalities, and limits life chances.

A fully funded, long-term '*Green and Decent*' homes programme is essential to tackling the housing crisis. It would protect and improve existing council housing, support the UK's net zero targets, reduce health inequalities, and help councils deliver on their housing ambitions. Crucially, green and decent homes should not only be safe and sustainable but enhance the health and wellbeing of those who live in them.

While recent policy measures such as a proposed five-year rent settlement, the retention by councils of 100% of Right to Buy receipts, and an additional £2.8 billion for the Affordable Homes Programme are welcome, they are not enough on their own to modernise existing council homes nor deliver the scale of new housing supply that is urgently needed.

To meet these challenges, Southwark and our coalition of 111 councils are calling for an ambitious and realistic, '*Green and Decent*' homes programme based on 10 core principles that establish clear, outcome-focused standards for all social homes. The programme should be delivered within an agreed timeframe and backed by flexible, multi-year capital funding.

Core principles of the "*Green and Decent*" Homes Proposal:

1. One single, integrated housing standard
2. Long-term, multi-year capital funding commitment
3. Funding allocation based on need
4. Strategic investment by landlords focused on clear outcomes
5. A progressive and ambitious benchmark
6. Regularly updated to reflect innovation and best practice
7. Transparent, outcomes-based reporting
8. Flexibility for landlords – no arbitrary restrictions
9. Realistic delivery timelines
10. Investment in replacement homes as part of the standard

Background

In recent years, councils with Housing Revenue Accounts (HRAs) have been expected to meet an expanding set of important and necessary new housing standards ranging from fire safety and tackling damp and mould, to improving energy efficiency and driving decarbonisation.

Yet these new requirements and standards have been introduced with little accompanying financial support, leaving social housing providers to absorb the costs without adequate resources.

Grant programmes designed to support delivery—such as the Social Housing Decarbonisation Fund (SHDF)—have been inflexible, overly bureaucratic, oversubscribed, and too limited in scale to meet the challenge. As a result, councils' HRAs—already ring-fenced and excluded from the New Burdens Doctrine—are being pushed to breaking point. As our **HRA council housing survey demonstrated**, low rental income, rising costs, and new regulations have forced councils to dip into reserves, cancel housebuilding, delay repairs, and even sell off homes just to stay afloat.

This financial pressure has contributed to the managed decline of our existing council housing stock, worsening the housing quality crisis. Poor insulation and energy efficiency have left many residents in cold, damp, and costly-to-heat homes. This not only leads to an increase in disrepair claims but also drives up NHS and social care costs. The health impacts of substandard housing particularly on older people, children, and those with long-term conditions are well-evidenced, from respiratory illness linked to damp and mould to the mental strain of insecure or overcrowded living conditions. Poor-quality housing is a major contributor to health inequalities.

People living in poor-quality housing are more likely to experience the early onset of care needs, meaning they will require social care for a longer period. As the population ages, the shortage of safe and adaptable homes will lead to longer hospital stays and premature admissions into care denying people the opportunity to live independently. Estimates suggest this issue costs the NHS around £1.4 billion each year.

At the same time councils are expected to meet ambitious net zero targets. The government has committed to bringing all social homes up to EPC C by 2030, but the current system lacks clarity, coordination, and the funding required to deliver. The retrofit challenge is massive, with one report estimating it would cost £100 billion to retrofit all social homes for net zero by 2050.¹ Yet, funding streams remain piecemeal, competitive, and under-resourced, often requiring social landlords to return grants they cannot spend within restrictive parameters. Without sufficient funding and strategic coordination, this risks accelerating the loss of council homes as providers sell stock to cover compliance costs.

The last time our country's housing stock needed investment at this scale, government responded with the Decent Homes Programme—transforming millions of social homes. Today, we have an opportunity to build on that success.

A new '*Green and Decent*' homes programme would allow councils to plan strategically, deliver value for money, and improve millions of homes. Without this kind of reset, the government's housing targets will remain out of reach, and the condition of existing stock will continue to deteriorate.

1 Inside Housing - News - Cost of retrofitting all social homes in the UK to zero carbon to top £100bn, exclusive research reveals

There is a compelling case for action. One example from recent research highlighted that for every £1 spent on warming the homes of vulnerable people, there is a £4 return in health benefits. The same report found that overall raising housing standards could save the NHS and social care system over £4 billion a year.²

In addition to advocating for a ‘*Green and Decent*’ homes programme, and to supporting the government’s commitment to a ‘council housing revolution’ aimed at significantly increasing the availability of affordable and social housing, our ***Securing the Future of Council Housing*** report launched in 2024 and endorsed by 112 councils, proposes 23 additional recommendations, including:

- **Establish a new, sustainable Housing Revenue Account (HRA) agreement:** This would involve resetting the current council housing financing model to ensure long-term viability and enable local authorities to effectively manage and invest in their housing stock.

- **Provide dedicated funding for new council homes:** Implement a sufficient and flexible capital funding programme that prioritises the construction of council homes, ensuring resources are allocated effectively to meet housing demands.

Fixing the financial foundations of council housing is essential and councils are ready to lead, but we need the tools and partnership with central government to do so. By delivering a ‘*Green and Decent*’ homes programme at scale, we can protect existing stock, unlock our capacity to deliver new housing supply, tackle health inequalities, create green jobs, and drive economic recovery and growth — all while helping the UK meet its climate and housing ambitions.

The case for council housing

Council housing plays a vital role in providing safe, secure, affordable, and good-quality homes which is foundational for long, healthy lives and thriving communities.

For over a century, council homes have offered truly affordable housing to millions across the country, supporting the most vulnerable, preventing homelessness, and fostering long-term stability in both households and communities.

The significance of council housing extends beyond providing shelter. People who live in decent, stable, affordable housing experience improved health and wellbeing, reduced unemployment, and enhanced educational performance. Furthermore, the affordability, security, and stability of social housing enable individuals to establish roots, that help the communities they live in thrive.

However, the current housing crisis is undermining these benefits. Financial pressures have left social housing providers struggling to maintain existing homes, let alone build new ones. Councils are spending millions daily on poor-quality temporary accommodation, underscoring the urgent need for increased housing supply. Frequent policy changes, income cuts, and rising costs over the past decade have eroded the original self-financing agreement with the government, resulting in significant budget shortfalls.

Addressing this crisis necessitates substantial funding and systemic reforms. Without fixing the council housing financial model and investing in existing stock, national housing ambitions, particularly the government's ambition to reach 1.5 million homes, will not be realised.³

In this context, implementing a '*Green and Decent*' homes programme is critical. Such a programme would focus on retrofitting existing council housing to meet modern safety, decency, and energy efficiency standards, contributing to the nation's net-zero targets. The previous Decent Homes Standard played a key role in setting minimum requirements for social housing, helping to ensure homes were safe and habitable. Enhancing this standard through a '*Green and Decent*' homes programme would not only improve living conditions but also yield significant health benefits.

3 Two-thirds of councils fear collapse of housing budgets

The need for a 'Green and Decent' Homes Programme

Poor-quality housing and housing insecurity are major drivers of health inequalities in England, with people in deprived areas experiencing serious health conditions far earlier than those in more affluent regions. Tackling these challenges is essential to improving public health outcomes and easing avoidable pressures on the NHS and social care.

One of the key levers to address these issues is investment in our existing council housing stock. Too many homes are now cold, energy inefficient, and falling into disrepair, conditions that directly harm residents' physical and mental health. The current HRA model has contributed to the managed decline of this stock, creating a housing-quality crisis that undermines health, increases costs, and stalls progress on climate and housing goals.

In recent years, councils have needed to respond to an increasing number of necessary new standards and regulations — including Awaab's Law, the Fire Safety Act 2022, and the Social Housing (Regulation) Act 2023 — without adequate funding or flexibility to deliver them. HRAs remain excluded from the New Burdens Doctrine, leaving councils to absorb these costs alone. Rising temporary accommodation and construction costs have stretched budgets to the limit, halting housebuilding and forcing some councils to sell off homes to meet compliance requirements. The upcoming Decent Homes Standard 2.0 and the Warm Homes Plan, whilst important in upgrading and improving council homes, are adding significant pressure to already ambitious energy efficiency goals, such as achieving EPC rating C by 2030. However, current retrofit funding — like the Warm Homes Fund — is overly competitive, over-subscribed and under-resourced, falling short of the scale needed. Without coordinated, long-term investment, these challenges will only intensify.

We are therefore calling for a new 'Green and Decent' homes programme—a single, outcomes-focused, cross-departmental standard backed by long-term, multi-year funding. This programme must integrate safety, decency, energy efficiency, and climate resilience, and be delivered regionally through Strategic Authorities like West Midlands Combined Authority (WMCA) and (Greater Manchester Combined Authority). Learning from the success of the original Decent Homes Programme, government now has a unique opportunity to reset the system, stabilise council housing, and unlock the capacity to deliver warm, healthy, modern homes for the future.

What a 'Green and Decent' Homes Programme could deliver

Upgrading and modernising council homes offers significant health, environmental, and economic benefits. Improving insulation, ventilation, and heating systems can significantly reduce health risks associated with poor-quality housing, such as asthma, cardiovascular disease, and depression. The End Fuel Poverty Coalition estimates that 4,950 excess winter deaths in the UK were caused by cold homes in the winter of 2021–2022 alone.⁴ Research from the UK Green Building Council (UKGC) suggests that a comprehensive retrofit and upgrade programme could help prevent up to 6,000 avoidable deaths each year and alleviate pressure on the NHS.

By not tackling poor-quality housing, demand for social care services will grow. Investment and regulation to improving housing quality is a preventative, upstream intervention, supporting healthy childhood and adolescent development; lowering the risk of long-term illnesses; delaying the onset of care needs; and promoting people's independence. It is estimated fixing unsafe homes would save £1.1bn per year in formal care costs by 2027 and £3.5bn per year in unpaid care.⁵

The UKGC also suggest that upgrading the 19 million UK homes currently rated D to a C rating through a national retrofit programme could reduce the country's gas demand by up to 20%, cut average household energy bills by £779, and create over 500,000 skilled jobs. Retrofitting would also help future-proof homes against the growing impacts of climate change, including heatwaves, flooding, and water shortages.

Without these upgrades and improvements, the health, economic, and social impacts of climate change are likely to deepen existing inequalities particularly among vulnerable populations often living in council and social housing. By upgrading existing council and other social homes, we can deliver significant health, economic, and environmental benefits to millions of people currently living in non-decent housing helping to eliminate the unfair and avoidable inequalities caused by poor-quality homes.

Our 'Green and Decent' Homes Proposal

We are calling for a 'Green and Decent homes programme' – a new bold national programme to reach one clear, outcomes-focused standard for all social homes, for providers to reach over an agreed number of years, backed by sufficient flexible, multi-year, capital funding.

1. One single, integrated housing standard:

That sets out the full range of decent, safe, damp to dry and damp, energy efficient, cool (from overheating) and low carbon requirements that landlords need to raise their homes to, and that recognises and responds to the interrelated nature of the work needed to improve homes (e.g. between work to improve insulation, reduce damp and reduce risk of fire spread). This would bring together all the energy efficiency, decarbonisation and decency requirements that will be placed on social housing providers in the coming years. It would combine the anticipated second iteration of the Decent Homes Standard with all other requirements and include looking beyond Minimum Energy Efficiency Standard (MEES), to future decarbonisation and accessibility requirements to meet net-zero 2050 ambitions. The government needs to recognise the urgency to bring forward climate adaptation.

2. Long-term, multi-year capital funding commitment:

The programme should be established long-term, over at least 20 years with a five-year rolling funding allocation so landlords can effectively plan their investment programs and deliver value for money and mitigate against the short-termism of the political cycle. Major government investment on this scale, with long-term sustained funding, delivered by local partnerships nationwide will create market and industry confidence. It will unlock further funding, create jobs, and other benefits of economies of scale, creating innovation and efficiencies and give local provider partnerships the ability to overcome capacity and skills challenges. By investing in social housing, the benefits of increased market capacity and certainty across supply chains and businesses can have a transformative impact, creating demand for new products and services, widening the ecosystem of companies and skills enabling home upgrade improvements across all housing tenures, ultimately creating economic growth.

3. Funding allocation based on need:

Social landlords should be allocated funding based on the condition of their stock and the funding needed, e.g. district heat networks/size of stock, over and above rental and service charge income, to bring their homes up to the new standard (and an end to competitive bidding). This would ideally be one single funding stream from government for decent and green homes and district heat networks. Individual councils and providers should be able to directly feed in their stock condition information and funding needs to strategic authorities to appeal to central government. This would be reliant on all social housing providers having full knowledge of the condition, home upgrade and retrofit needs of their stock.

4. Strategic investment by landlords focused on clear outcomes:

With landlords putting in place an evidence-based programme to lift their stock up to the standard in the most equitable and effective way, based on full stock condition surveys. Including a requirement for landlords to appropriately phase investment (e.g. some blocks will need work to tackle damp, then to upgrade insulation and then to install low carbon heating to be done in a phased order over a number of years). By focusing on outcomes, driven by accurate data from stock condition information, a strategic, people-first retrofit approach can be undertaken, which efficiently meets the bespoke upgrade and retrofit needs of each home and people who live within them, minimising disruption to tenants, and saving providers money, time and resources.

5. A progressive and ambitious benchmark:

That distinguishes between (a) the minimum level that landlords must achieve for each home now (or within the shortest reasonable time from now, with recourse for tenants where this is not the case) and (b) the higher level that landlords must have plans in place to bring their stock up to over time. With clarity on and clear timelines for those aspects of the standard that will rise over time (e.g. energy efficiency, low carbon heating, protection from overheating etc). The timeframe would be agreed in consultation with social housing providers, tenants and residents, allowing providers to plan works systematically, delivering home upgrades e retrofit and maintenance holistically and most efficiently, minimising disruption to tenants and ensuring value for public money.

6. Regularly refreshed to reflect innovation and best practice:

This should be at maximum on a 10-yearly cycle; to iteratively incorporate emerging research and the evidence base into standards to mitigate against unintended consequences of construction materials. This factors in other inevitable advancements in decarbonisation and decency innovations in coming years – particularly those needed to reach net zero by 2050. Reaffirming the recommendation in our report to extend the New Burdens Doctrine to HRAs, government funding must follow as new requirements are introduced.

7. Transparent, outcomes based reporting:

With consistent local and national reporting (by all landlords and government) against an agreed set of consistent, high-level and meaningful measures (e.g. number of homes hitting the standard; improvement in thermal efficiency of homes; reduction in tenants' energy consumption and bills; improved health outcomes). This will allow government and tenants to hold providers to account that money is being well spent and is delivering the outcomes that tenants and government want to see, both in terms of housing environment and health. Links with academia should be strengthened to ensure active measurement of outcomes and understanding of the impact of the programme on existing occupants. This will be fed back to inform regular standard reviews, to incorporate emerging research and other innovation.

8. Flexibility for landlords – no arbitrary restrictions:

Whilst funds for this programme may need to flow from Ministry of Housing, Communities and Local Government (MHCLG), Department of Energy Security and Net Zero (DESNZ) and elsewhere, councils need to have complete flexibility once it reaches the HRA, and for other providers' their accounts, allowing landlords to use all funding available in the most effective way to raise their stock up to the new standard over the timeframe of the overall programme.

9. Realistic delivery timelines:

Agreed in consultation with tenants, residents and landlords, to give clarity on the standard that will be met in the short, medium and long (2050) term, (e.g. energy efficiency, carbon emissions, protection from overheating) and with timelines based on the work that can be undertaken with the funds available to landlords (from rents and government grant).

10. Investment in replacement homes as part of the standard:

Many council and social rent homes are at or nearing the end of their life. Some can have their life extended at a reasonable cost. There is also a sizeable proportion of unviable social housing stock. Funding must be available both to extend the life of homes where that is sensible to do and to replace homes where that would be better value for money, with guidance to follow. If homes are replaced, there must be no loss of council or social homes. If densification is part of redevelopment, there should be a net gain of council and social homes maximising opportunities to increase affordable housing supply.

Delivering 'Green and Decent' Homes

Finance

Building on the success of the original Decent Homes Programme, our **Securing the Future of Council Housing** report argues for a long-term capital investment plan to efficiently upgrade and modernise England's social housing stock, bringing all homes up to a modern, sustainable standard.

Whilst the financing of a '*Green and Decent*' homes programme is not within the scope of this proposal we recommend further work is required to fully understand the scale of investment needed. Previous analysis by Savills estimated that £34 billion would be needed to achieve net-zero across existing council housing stock by 2050. Separate estimates place the cost of bringing homes up to the current Decent Homes Standard, while meeting new fire safety regulations, at around £12 billion.

In response, we are calling for the '*Green and Decent*' homes programme to allocate at least £12 billion to council landlords over the next five years—averaging £2.4 billion per year. However, this figure is likely to underestimate the true cost due to limited data on current stock condition and the absence of detailed information on upcoming statutory requirements. A significant portion of the investment, as with the original Decent Homes Programme, would be funded through the HRA.

We also recognise the challenge of relying solely on social rents and public funding to meet the scale of decarbonisation required. Alternative viable funding streams should be explored — such as retrofit credit models, multi-sector partnerships, and using government funding catalytically to attract private sector investment.

Additionally, the government's *English Devolution White Paper* suggests an intention to distribute retrofit and housing funding through integrated settlements to new Strategic Authorities. This aligns with our proposal, provided that funding from DESNZ and MHCLG is consolidated at the Strategic Authority level before being allocated to individual providers.

Strategic Authorities create an opportunity for regional partnerships involving councils, social housing providers, and residents to collaborate with local markets and supply chains. This approach will support more effective local delivery of the '*Green and Decent Homes*' programme. It will also enable strategic planning, reduce competition for suppliers, and help unlock the benefits of joint procurement, partnership working, and local economies of scale.

Skills

Meeting the ambition for all council housing to be green and decent will take more than funding alone. Even with the right policy framework and investment in place, the success of a *'Green and Decent' homes programme* depends on having the people, skills, and infrastructure to deliver it.

At present, the country lacks both the capacity in the supply chain and the skilled workforce required to carry out retrofit and decarbonisation at scale. A systematic scale-up of the workforce is essential to meet the volume of work ahead.

A genuine national commitment to lifelong learning is needed. Long-term funding must underpin this to give the sector the stability and confidence to invest in people and capacity.

Construction skills should also be recognised as central to the national industrial strategy. Although the government has prioritised eight growth sectors—such as digital services and creative industries—construction has been largely overlooked, despite its importance to housebuilding, planning reform, and climate targets. A skills levy on contractors could support training and workforce development. Apprenticeships must be promoted and built for longevity, training people across a wide range of skills to create a flexible, resilient workforce.

Local action has a vital role to play in meeting this challenge too. A local approach to retrofit can create jobs, improve health, and strengthen communities by training residents and linking retrofit programmes to local employment and skills support. Local authorities are well placed to lead, working with colleges, employers, and communities to ensure training is relevant, inclusive, and matched to local needs. This also helps build long-term sustainability into retrofit efforts.

Finally, workforce and training initiatives must be better integrated with welfare and employment support services. This will help make training more accessible, particularly for people who have been out of work or are underrepresented in the construction sector and ensure that opportunities lead to lasting impact.

Securing the Future of Council housing

The case for a bold, long-term 'Green and Decent' homes programme is undeniable. Without urgent action, we risk deepening the housing and health crises, missing our net-zero targets, and losing more of the secure, affordable council homes our communities depend on. Councils stand ready to lead the delivery of safer, warmer, healthier homes—but we cannot do it alone.

The government now has a once-in-a-generation opportunity to reset the foundations of the council housing system and back a transformative programme that integrates decency, sustainability, and health into one clear standard. By committing to a new funding settlement, reforming the HRA model, and supporting a national skills strategy, ministers can unlock the full potential of council-led housing delivery — securing better homes, better outcomes, and better value for the public purse.

We urge the government to work with us in delivering a 'Green and Decent' homes programme that can meet the moment — turning the ambition of a council housing revolution into action that will provide lasting benefit for current and future generations.

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www.southwark.gov.uk/SaveCouncilHousing

