

## **THE BEVERIDGE REPORT 80 YEARS ON: 'SQUALOR' AND HOUSING — 'A TRUE GOLIATH'**

### **Abstract**

The Beveridge Report (Beveridge, 1942) listed 'Squalor' as one of the 'five giants on the road to reconstruction', with the use of the term pointing to a broader concern than individual houses 'unfit for human habitation'. 'Squalor', said Beveridge, 'arises mainly through haphazard distribution of industry and population' indicated anxiety about pollution and the 'mean', dark streets in cities and industrial towns,. Apart from these references, the Beveridge Report made no other mentions of 'Squalor' but, in later publications, Beveridge advocated New Towns and the involvement of voluntary housing associations in housing supply as remedies to the problem.

This article reviews the context and history of Beveridge's Giant of Squalor, considering how Beveridge dealt with the 'problem of rent' the attempts by governments to tackle the issue, examines the contributions made by New Towns and housing associations, records progress in improving minimum housing standards and investigates potential policies to overcome these challenges that might be included in a 'New Beveridge' Report.

### **Introduction**

Although one of Beveridge's famous 'Giants', the term 'Squalor' is only mentioned twice in Beveridge's 'Social Insurance and Allied Services' Report. (Beveridge, 1942) Beveridge's 'Squalor' notion was brief and vague but use of the term in the context of 'haphazard distribution of industry and population' (paragraph and his 456). He does provide more detail in his 'Pillars of Security' (Beveridge 1943), particularly in the chapter 'Four Stones for Goliath Squalor'. However, he states that his 'few words' would not be quite so many as

the 160,000 words he wrote about 'Want' (p. 167). However, he defines Squalor as 'the conditions under which so many of our people are forced to live-in houses too small and inconvenient and ill-equipped, impossible to keep clean by any reasonable amount of labour, too thick upon the ground, too far from work or country air' (p. 167). He continues: 'That giant Squalor is a formidable giant-far harder to attack than Want-a true Goliath' (p. 167). His 'four stones' to slay this Goliath were: the planned use of land; the sane use of transport; the right use of the right architects; and the maximum efficiency of the building industry (p. 173). While it is clear that Beveridge regarded Squalor in a wide sense and linked to town and country planning, this paper generally follows the narrower Social Policy treatment of linking Squalor with housing.

However, as we see below, Beveridge's later connection with the New Towns initiatives indicates a broader concern than poor-quality individual houses. Beveridge's comments also point to a concern with the environment: the pollution; the dense housing and the 'mean' streets in cities and industrial towns. Much of United Kingdom was bleak in the 1940s: grey sometimes tinged by green as the 'pea souper' fogs crept in. In emphasising these points and their relationship to the 'haphazard distribution of industry and population', Beveridge has a claim to being an early environmentalist.

At the time of the Beveridge Report, the pattern of housing tenure in the UK was very different to today (eg Lund 2016; Bogue 2019; Harding 2019). About a third of householders (mainly the middle classes) were owner-occupiers. Local Authorities had provided housing since the nineteenth century, and this accounted for about 10% of households. Charitable 'Housing Associations' accounted for a mere 1% of households. This meant that most households privately rented their accommodation, where the price of rent was broadly subject

to some type of rent control which partly explained Beveridge's focus (below) on the 'problem of rent'.

It can be argued that Squalor (housing) was a true Goliath in another sense, not directly discussed by Beveridge. Central and local government had more direct control in the sense of policy levers for sectors such as social security, education and health care. Housing has been termed the 'wobbly pillar' in the welfare state as the differences between housing and the other main welfare state services are clear and have been recognised for many years: there is no attempt to provide a universal service, user charges remain significant, and most people rely on the market rather than the public sector (Malpass 2003: 590). Put another way, there was no 'National Housing Service' to compare with the 'National Health Service'.

In contrast to his detailed treatment of the Giant of 'Want', Beveridge did not attempt to consider 'Squalor' in the same depth – he did not stipulate minimum housing standards or designate specific ways to improve housing conditions whilst the nation awaited the brighter New Towns. Instead he made recommendations to add a flat-rate housing allowance — based on average rents — to the contributory benefit scheme, and required as a prerequisite of his report that family allowances would be paid from general taxation. Faced by fiscal constraints and not able to go too much against the grain of existing policy, he hoped that rental and family allowances, along with his further assumption of full employment and a more rational approach to house building after the war, would help lower-income households to afford better quality housing.

This article explores how Beveridge dealt with the 'problem of rent' in his Report, of the modifications made to his plan by the Labour Government 1945 to 1951 and how subsequent governments have tackled the issue of rent and welfare benefits. It mainly uses child poverty

indicators before and after housing costs as the principal outcome measure. In addition, it examines how Beveridge's 'Squalor' notion, as caused by lack of planning the population distribution, was implemented by post-war governments with particular reference to New Towns and the role of housing associations. Although Beveridge did not include minimum housing standards in his 1942 report, in this article minimum housing standards are used as a proxy for progress on alleviating 'Squalor'. Progress has been made over 80 years in improving basic housing standards but 'Squalor' remains in the United Kingdom. It is a manifestation of how growing wealth and income inequality have impacted on housing outcomes. Equally, global warming may yet represent the greatest 'Squalor' challenge of all.

### **The Problem of Rent**

In his 1942 report Beveridge devoted nine pages to examining the 'problem of rent'. Beveridge considered payments that covered actual rent levels, which varied considerably, on the grounds that levels of rent did not represent a choice for most people, but rejected this option because it would breach his principle of flat rate benefits in return for flat rent contributions. Eventually, he advocated paying the national average rent, differentiated according to working and pensioner households. Thus, due to rent variations, the need for larger families to pay a higher rent and very poor housing conditions, the Beveridge plan would not have delivered subsistence for all. Instead, Beveridge hoped that improving post-war housing through increased supply would improve standards and even out rents across the UK.

The implementation of Beveridge's plan compromised things further. The 1945 Family Allowance Act — passed by a caretaker Conservative government — set allowances at 25p for the second and subsequent child rather than Beveridge's 40p recommendation, justified by the availability of 'in kind' benefits such as free school meals. In addition, when setting

insurance benefits in 1948, Labour under-estimated inflation so the benefits were not at the subsistence levels recommended by Beveridge (Kincaid, 1973). Thereafter, the Beveridge plan was trapped in its own logic: as the centrally-held Fund was meant to be self-financing and national insurance contributions that paid for benefits were flat rate — the same for all — any increase in benefits meant a heavy burden on low-paid workers in the form of extra contributions.

The limitations of the Beveridge plan and its implementation became increasingly clear in the 1950s and 1960s. Beveridge's hope was that extending social insurance would make social assistance a residual category only. In 1948 one million households claimed means-tested National Assistance, but by 1968 it was 2.7 million (Atkinson, 1969), a consequence of many factors including a tendency to increase national assistance by more than national insurance benefit rates, and where more housing costs were often covered through national assistance.

### **Households with Children**

After 1948 the number of households headed by people in work or claiming unemployment benefit with an income below National Assistance rates increased. For those without work this was manifest in the 'wage stop', a rule that limited National Assistance payments to below what the claimant had earned in work. In *The Poor and the Poorest*, Abel-Smith and Townsend (1965, p. 65), noted 'Possibly the most novel finding is the extent of poverty among children. ... This fact has not been given due emphasis in the policies of political parties'. In 1970 the Conservative government attempted to deal with the low wage problem of families with children by introducing Family Income Supplement, a means-tested benefit for working people with children but with no rent allowance and a low take-up rate of 50%. In 1972, as part of an attempt to push local authority rents to the 'fair rents' charged in the privately rented sector, a national rent rebate scheme for local authority tenants was

introduced followed, in 1973, by a rent allowance scheme for private tenants. Peter Walker, then Secretary of State for the Environment, claimed the measure would make Britain 'the first capitalist country in which no one would be evicted for not paying the rent' (Walker, 1991, p 88). However, the subsequent Labour government (1974 to 1979) did not push local authority rents to 'fair rent' levels and the private rented sector continued to decline. At the same time as this, however, there was a significant move towards owner-occupancy.

In 1942 around 32% of UK householders were owner-occupiers, mainly but not exclusively middle class. Local authorities housed about 10% of households in 1942 and housing associations 1%. The strictly rent-controlled private renting sector supplied 57% of households with accommodation. Owner-occupation increased rapidly post 1974, reaching 69.2% in 2003 before declining to 64% in 2016 followed by a small recovery post 2017. Local authority housing reached a zenith 31% in 1979 of the UK housing stock before dropping to 7.2% in 2018 and housing associations increased their supply from 2% in 1979 to 10.2% in 2019. The private landlord sector declined after 1945 reaching a nadir of 8.5% in 1991 before accelerating to 19% in 2018 (Stephens et al, 2020) – a move clearly linked to issues around affordability in the housing market, especially for prospective new entrants to it. The tenure structure is now more diverse than in 1942 with the large owner-occupied and private rented sectors containing a broad household income range. Economists now focus on overall 'affordability' rather than 'the rent problem'. Affordability is a contested idea (see Meen and Whitehead, 2020) but can be monitored by indicators such as poverty before and after housing costs; income to house price/mortgage costs ratios and rent to income ratios.

Timmins (2017) states that Beveridge:

...would be mortified that, 75 years on, we still haven't solved what he dubbed 'the problem of rent'.... He would be appalled at the way rising private sector

rents have turned what is now housing benefit into the equivalent of running up a down escalator — the bill rises remorselessly even as the quality of accommodation covered descends.

The 1988 Housing Act and the 1989 Local Government and Housing Act set the foundation for large increases in social housing rents. Later, Nicholas Ridley, the Minister responsible, declared the policy's purpose as:

I saw the solution as being to provide housing benefit on a sufficiently generous scale to enable all tenants to be in a position to pay their rents, and at the same time to bring rents up towards market levels. This would put all three classes of landlord — councils, housing associations and private landlords — into the same competitive position, giving tenants a choice ....

(Ridley, 1992, p 88)

Private renting growth was promoted by setting all new lets at the market level and restricting tenant security. New Labour limited the move to market rents rather than social rents, concentrating on gradually aligning rents in the housing association and local authority sectors. After 2010, the Coalition government returned to a modified version of Ridley's strategy with most new housing association output at 'affordable' rents — up to 80% of the market rent — and housing associations allowed to re-let vacancies at this level. Moreover, as it was rolled into Universal Credit, limitations were imposed on Housing Benefit entitlement such as the 'bedroom tax' and lowering the rent thresholds on which Housing Benefit could be claimed. Slow at first, private renting growth gathered momentum from the early 2000s assisted by Buy to Rent — a 1996 agreement by mortgage lenders to provide mortgages to private landlords on terms similar to homeowners — landlords purchasing houses sold under the Right to Buy and the mounting problems of potential homeowners in gaining access to

owner-occupation. Increases in immigration boosted private renting with 80% of new migrants relying on private renting for a few years after arrival. Between 1979 and 2019 local authority rents, as proportion of average earnings, increased from 7% to 12.4%, housing association rents moved upwards, aided by the move to affordable rents, until the post 2015 reductions and private landlord rents accelerated from 17.5% in 1990 to 28.5% in 2018 (Stephens et al, 2020). Moreover, average earnings comparisons disguise a tendency for the earnings of lower income groups to decline over the last ten years. Table 1 records the rapid growth in private renting by households with children.

**Table 1: Households with children renting privately: England**

	1984	1998/99	2003/4	2008/9	2018/9
<b>Lone Parent</b>	7000	80000	90000	178000	291000
<b>Previously Married Lone Parent</b>					
<b>Parent</b>	41000	100000	101000	155000	185000
<b>Couple Households</b>	358000	272000	293000	535000	1150000
<b>Total</b>	406000	452000	484000	868000	1626000

Source: MHCLG (2020a)

In 2018/9 25% of children living in the private landlord sector were below the relative poverty line but this increased to 49% after housing costs (Francis-Devine 2020a).

Beveridge did not solve 'the rent problem'. This was not possible within his over-riding flat-rate subsistence benefits in return for flat-rate contributions principle. It took many years to

develop the rudiments of a solution in the form of Housing Benefit, a means-tested benefit based on rent paid and income — Beveridge disliked means testing — but this solution has been compromised by the rapid increase in private sector renting, government attempts to mimic the market in the social rented sector and cutbacks in Housing Benefit entitlements. In 1980 relative poverty amongst children was the same proportion before and after housing costs indicating that children in low-income households did not experience greater hardship relative to other households due to higher housing costs. In 2018/9 there were 1.4 million more children in relative poverty after housing costs than before housing costs (Francis-Devine, 2020a) but the rented sector impact is masked by including homeownership in the calculations. In 2018/9 after housing costs poverty amongst owner-occupied households with children with a mortgage increased by only 2%, due to lower interest payments and poverty amongst outright owners declined by 2% (Francis-Devine, 2020a).

### **People above pension age**

There are significant housing and poverty challenges for people above pension, as well as some concerning projections about payments for housing benefits for older people in the future. Beveridge, as we noted above, advocated that pensions not be introduced for 20 years in order to allow contributions to the social insurance fund to be made by the first generation that would receive them. However, the post-war government believed that such an approach could not possibly work politically (or ethically), and the state pension was introduced in 1948. By the end of the 1960s, most national assistance claimants were pensioners, many of which were also social housing tenants. This pointed to the welfare state becoming a crucial source of both income and housing for older people, with few people at that point following

Beveridge's suggestion to provide for their futures outside of the welfare system (Lowe, 2004).

After increased concerns about old age poverty in the 1970s and 1980s, between 1997 and 2012 relative poverty (below 60% of median income) amongst pensioners fell from 30% (before housing costs) and 25% (after housing costs) to 18% (before housing costs) and 15% (after housing costs). This was the outcome of several factors including a growth after the 1960s in occupational pensions and improvements in state pension schemes. In 2018/19, 69% of pensioners received income from private pensions compared to 59% in 1994/5. The state pension — assisted post 2011 by the 'triple lock' — has broadly increased above inflation. After housing costs reductions in pensioner poverty were influenced by the increasing proportion of households in retirement owning their homes outright, up from 56% in 1993 to 74% in 2019. In addition — in contrast to working households — for pensioners claiming housing related means tested benefits has become simpler and less subject to conditionality.

However since 2013, pensioner poverty has been increasing, reaching 19% (before housing costs) and 17% (after housing costs) in 2019. The before-housing costs increase has been driven by the decline in pensioners receiving private pensions. Part of the explanation for the after-housing costs increase can be located in tenure trends with the proportion of pensioners living in the private rented sector slowly creeping upwards and reaching 8.4% in 2019 (MHCLG, 2020a). Some of these pensioners will have been affected by rent increases and changes in the qualifying terms for Local Housing Allowance (LHA, the name given to Housing Benefit in the private landlord sector). According to Harding (2019: 203), perhaps the most significant changes to Housing Benefit were reductions to LHA which represents the maximum Benefit that can be paid towards private sector rents. LHA was first set to the 30th percentile of market rent levels in an area, rather than the median, then its uprating was

reduced to 1% in 2014–2015 and 2015–2016 (below the rate of inflation) and finally was frozen for four years from 2016–2017 (see also Bogue 2019).

Looking forward, changes in housing tenure generate worrying projections of what might happen next. When the full 'generation rent' is retired, there will be substantial problem as more renters have to rely on state housing benefits to pay the rent. The Resolution Foundation (2018) found that on an 'optimistic' scenario in which 73 per cent of millennials will own their own home in retirement by 2060, Housing Benefit spending on pensioners increases from £6.3 billion in 2016 to £12.2 billion in 2060 and on a 'pessimistic' scenario where 66% of pensioners own their homes and the cost increases to £16.0 billion. The challenges these projections suggests are compounded by the low quality standards and insecurity that persist in old age for many living in the private rented sector. An Independent Age report (2018) stated that a third of older private renters are living below the poverty threshold after they have paid their rent and as many as 4 out of 10 older private renters live in non-decent housing.

## **New Towns**

New Towns were to become one of Beveridge's principal remedies for 'Squalor'. Although not included in his 1942 Report or 1943 text, Beveridge set out the well-established arguments in favour of New Towns in *New Towns and the case for them* (1952). These included Ebenezer Howard's idea of combining the advantages of city and country by living in 'Garden Cities'; using low cost land in rural areas with the New Towns gaining from enhanced values as it developed (Howard, 1902) and the nation benefiting from population dispersal as explained in the Barlow Report (1940). This history of New Towns suggests an

idea which had initial promise, but which quickly ran into quagmires through lack of cross-party support and barriers being erected through planning processes.

New Towns were entrusted by the 1946 New Towns Act to Development Corporations with powers to acquire sites, financed by public loans and the housing subsidies normally paid to local authorities. The New Towns programme came in three waves: (1946-55; 1961-1964; 1967-70). Beveridge was appointed Chair of Newton Aycliffe New Town Development Corporation — a first wave new town — and imposed his imprint. In accordance with his statement in the 1942 Report 'In the next thirty years housewives as Mothers have vital work to do in ensuring the adequate continuance of the British Race and of British ideals in the world' (Beveridge, 1942 para.117), he declared that Newton Aycliffe would be a 'Housewife's Paradise', promoting communal laundries and shopping centres within a 10 minute walk from all districts and with nurseries provided for mothers whilst they shopped.

Not all the promises to New Town residents were met and Beveridge's communal laundries were quickly dropped. However, despite concern about their social impact — the term 'new town blues' became popular in the media — those around London, were a 'profitable venture' (Macmillan 1969, p 418) producing development gains more than sufficient to compensate for some of the struggling New Towns in the North.

The 1946 New Towns Act envisaged that, as the New Towns reached maturity, the Development Corporations would transfer their assets to the appropriate local authority but the New Town economic success prompted the Conservatives to set up a government-controlled body in 1961 — the New Towns Commission — to take central control of New Town assets. Under the Thatcher/Major governments the Development Corporations were dissolved (Ortolano, 2019), in a ruthlessly efficient operation. Commercial assets and many freehold sites were sold to private companies and their housing stock passed to

homeownership and housing associations. Alexander (2009, pp 4-5) reports: The last of the loans were repaid in 1999 with the final sum estimated at £4.75 billion ... Since then surplus land assets in the New Towns have generated a further £600 million profit for the government.

Since 2007 several attempts have been made to revive the New town idea. New Labour promoted 'Eco-towns', anticipated as having 5-20,000 homes and, as 'an exemplar of ... environmental technology', they would 'achieve zero carbon' (DCLG, 2007, p.4). There was considerable interest in eco-towns and, by 2008, 57 — largely private developer-lead — bids had been made. In 2009, New Labour announced a second-wave of development to produce ten in total by 2020. However, if New Labour expected that the eco-town idea would nullify opposition to development from the rural protection lobby it was to be disappointed. Strong local opposition to eco-towns developed supported by the Conservative Party. In April 2011, the Coalition government announced that only one of the proposed eco-towns, Northwest Bicester in Oxfordshire, would be built to the originally proposed standards. In 2014, the then Secretary of State for Communities and Local Government, Eric Pickles (2014), declared 'Despite a pledge of 10 New Towns by Labour Ministers, the eco-towns programme built nothing but resentment. The initiative was a total shambles....'

The Liberal Democrats tried to promote a New Town agenda but, in his March 2014 Budget the Chancellor, George Osborne, announced only one new town at Ebbsfleet in Kent. The Government published a prospectus Locally-led Garden Cities (DCLG, 2014) inviting expressions of interest from local authorities in developing Garden Cities. In accordance with the 'localism' agenda the government would not impose Garden Cities because 'As the last Government's eco-town programme illustrates, large scale developments cannot succeed without local support' (DCLG, 2014 para 10). Only very limited government finance was available.

Theresa May's brief government showed more interest in New Towns. In 2018 the Government launched a new garden communities programme with garden communities can taking the forms of new villages, towns or cities and have the potential to deliver well designed homes at an increased scale, with projects ranging in size from 10,000 to 40,000 homes but with limited government finance of £12.7 million. The 2020 budget promised to investigate the possibility of a New Town near Cambridge. New developments — villages, cities, towns— have been proposed in recent years but very few have become reality, foundering too often on vociferous, well-connected opponents using the tortuous planning system to protect the status quo.

### **Housing Associations**

In Coalition government negotiations during the Second World it seemed that housing associations would have a significant role in housing supply. Their subsequent history is complex, and shows them to be regarded in very different ways by different government (Lund 2016). The 1944 Labour Party Conference passed a resolution approving setting up Housing Corporation to promote supply diversity but Bevan firmly rejected the idea although Atlee supported it (Bew, 2016). Local authorities were Bevan's chosen instrument to deliver the housing programme.

Beveridge, however, was an ardent housing association supporter. In *Voluntary Action* (1948) and *The Evidence for Voluntary Action* (1949) he demanded an end to the restrictions on housing association activity. These included:

- Unlike local authorities, housing association rents were subject to rent control;
- Borrowing from the state was restricted to 90% of capital cost;
- The renewal of older homes received no assistance from the Treasury;

- Associations had to work through local government, limiting innovation.

In language that was to have echoes with Tony Blair sixty years later, Beveridge claimed that 'through their energy and specialist interest public spirited individuals can be mobilised to help in meeting urgent need' and that 'If it is worthwhile, then the activity of housing associations must be made more possible than it is today'. At the moment they receive kind words and little else' (Beveridge, 1948). The restrictions listed by Beveridge reflected a long-established approach to housing associations in the Ministry of Health, where officials believed instead that housing association could make only a small contribution to the housing stock and were irritated by the constant demands made by the sector (Malpass 2001).

In promoting housing associations Beveridge followed a long Liberal Party tradition. Housing associations activity was 'voluntary' action leading to an 'associationist society' in which citizens could develop mutual 'common good' understanding through interaction. Indeed, in championing housing societies, the Liberal Party was lukewarm on council housing. The party set up a grassroots organisation — the National Housing Reform Council — to promote housing associations and town planning as answers to the housing problem. Labour's grassroots organisation — the Workmen's National Housing Council — was a staunch municipal housing promoter.

After the Second World War, associations developed slowly in 'niche' areas such as providing accommodation for elderly people. The Scandinavian countries were more interested in housing associations, especially co-operatives, and, in the early 1960s, Sir Keith Joseph promoted 'cost rent' and 'co-ownership societies' as alternatives to council housing and private landlordism. These were set up by developers, solicitors and estate agents without making a profit other than the fees charged by 'exchange professionals' for their services. The initiative had limited impact.

Beveridge's housing association advocacy had little impact on housing supply until the 1970s but housing associations found a place in the sun in the 1974 Housing Act, passed with all party support. When registered with the Housing Corporation they became entitled to Housing Association Grant designed to pay, as a capital sum, the difference between a project's cost and the amount that could be raised by charging 'fair' rents, giving housing associations financial certainty when undertaking a new project. Between 1974 and 1976 local authorities and housing associations were provided with resources to purchase and refurbish properties owned by private landlords in 'stress' areas, partly meeting the long-standing demand from Labour Party activists to 'socialise' the private landlord sector.

The Thatcher government viewed housing associations as 'public sector'. State assistance insulated them from market pressures and their borrowing contributing to public debt. Between 1982/3 and 1988/9 there was a 33% fall in new completions despite housing association willingness to become involved in schemes to stimulate low-cost homeownership. The 1988 Housing Act also boosted housing associations through greater access to private finance that did not count as 'public debt'. The price paid by associations was competitive bidding for projects, higher rents and exposure to risk, regarded by the Treasury as essential to the classification of housing associations as 'independent'. The 1988 Housing Act helped to change the housing associations ethos. The Thatcher government promoted stock transfer from local government to housing associations via 'Tenant's Choice' and Housing Action Trusts. These stratagems failed but several local authorities voluntarily transferred their stock to housing associations to evade central policies on large rent increases and the Right to Buy.

Tony Blair regarded housing associations as 'social entrepreneurs'. In 2002 he declared:

....we can open up the possibility of entrepreneurial organisations — highly responsive to customers and with the freedom of the private sector — but which

are driven by a commitment to public benefit rather than purely maximising profits to shareholders.

(Blair, 2002)

Under New Labour a large-scale stock transfer programme from local government to housing associations was undertaken as part of a programme to raise standards in the social sector to the Decent Homes Standard (see below). Moreover, new 'social' sector building became increasingly dominated by associations with their access to private finance. In 1990 local authorities owned 3.9 million houses in England and housing associations 613,000. By 2019, local authorities owned 1.6 million homes and housing associations 2.5 million. This change would have been warmly welcomed by Beveridge, but the extent to which it has addressed the wider housing needs of the nation is more questionable.

### **Minimum Housing Standards**

Minimum housing standards are clearly important in tackling squalor, but progress has been slower than Beveridge hoped. Beveridge regarded the state's duty as supplying a minimum income with additional provision a matter for voluntary action. He used Seebohm Rowntree's calculations on The Human Needs of Labour (Rowntree, 1937) to set a minimum subsistence level income. Minimum housing standards were not included in the assessment.

Definitions of what constituted 'slum' housing were opaque and many believed that a clear-cut definition was impossible and local discretion was necessary to deal with the problem (see Hobhouse, 1994). Until 1967, monitoring progress on improvements in housing standards was difficult. The Census provided data on possession of bath, a hot water supply, and an inside or outside WC but nothing on whether a home was healthy, damp or disrepair. The situation was not rectified until 1967 when the first housing conditions survey was published. Table 2 gives basic data on housing standards from 1951 to 2001.

**Table 2: Housing Standards: Great Britain 1951 to 2001 (%)**

		No hot water	No water		No Central
	Without sole use of	tap	closet	Unfit	Heating
	bath, shower or		inside or		
	WC		outside		
<b>1951</b>	37.6		7.7	*	*
<b>1961</b>	22.4	21.8	6.5	*	*
<b>1971</b>	17	6.4		7	70
<b>1981</b>	6			6	31
<b>1991</b>	2			5	16
<b>2001</b>	0.3			5	9

Note: The unfit measure has been subject to change.

Sources: Census, 2001; Beaumont, 2011.

Several drivers pushed forward this upgrading of housing standards. Improvement grants, especially mandatory grants for installing basic amenities were significant and fluctuating but growing house prices encouraged owners to invest in enhancing their homes.

The internal amenities in the new council houses were good so slum clearance boosted the overall housing stock internal quality. Unfortunately, too many new estates — high-rise or low-rise — quickly ran into problems. Several factors combined to produce the squalor. Poor design, with a lack of 'defensible space' (Coleman, 1985), made numerous estates difficult to live in. Inferior construction, using poor materials, produced damp and access problems (the lifts did not work) and local government found it difficult to finance maintenance and repairs. These problems were compounded by the increasing tendency for local authority housing to be occupied by low-income households, unable to inject consumption spending into their districts.

The Thatcher and Major governments switched investment in the housing stock from the public to the private sector with public the funds used to improve the private housing stock becoming increasingly selective whilst resources diminishing. In 2001 New Labour, concerned about the image of council housing and the repair backlog (estimated at £19 billion) changed the approach to measuring and promoting housing standards. A Decent Homes Standard was introduced as an aspirational target for improvement in both the private and social sectors and the unfitness standard was incorporated into a new Housing Health and Safety Rating System (HHSRS), aimed at legally based action to upgrade the worst quality homes. The Decent Homes standard was modified in 2006, with the benchmark requiring homes to meet a range of criteria, including being in a reasonable state of repair, having reasonably modern facilities (generally less than 20 years old), having adequate insulation, an appropriately located WC, and being able to provide a reasonable degree of thermal comfort (DCLG, 2006). The bulk of the resources available were spent on council housing as stock was transferred to housing associations with their greater freedom use private finance for improvements.

In 2006, 30% of dwellings in the social rented sector failed to meet the Decent Homes Standard, 46.8% in the private rented sector and 34.6% of owner occupied dwellings. By 2018 the figures were 12% (social rented) 25% (private rented) and 17% (owner occupied) but, as the English Housing Survey (MHCLG, 2020b) noted, progress 'has stalled in recent years'. Once again, it seems that although there has been some progress, significant challenges remaining in tackling squalor.

## **'Squalor' Today**

### **Energy Efficiency**

UK energy efficiency has slowly improved. In 2006 the average Standard Assessment Procedure (SAP) rating in England was 48.9 (owner occupation) 47.1 (private landlord sector), 62.3 (social sector) and, overall, 51.5. In 2018 the overall figure was 63.2: 62.1 (owner occupation) 62.3 (private landlord sector) and 68.4 (social sector) but the private rented sector contains a much higher proportion of homes in the lowest energy efficient bands (E, F, G). Between 2006 and 2018, in Scotland, the average SAP increased from 58 to 64.7 50 to 62 in Wales and 54 to 65.8 in Northern Ireland. The issue of energy efficiency, especially in an era of rising energy costs after the privatisation of both electricity and gas providers in the 1980s, is a major contributor to poverty, falling disproportionately on lower-income groups who may also live in housing in a poorer state of repair.

### **New Homes**

Since 2010 the energy efficiency standards set for new private sector homes have been almost static. However, in 2020, the Government's 'favoured plan' was a two-stage approach, with measures to achieve either a 20% or 31% reduction in fossil fuel emissions in 2020

regulations and a 75-80% reduction in 2025. Gas boilers will not be allowed in new homes after 2025, to be replaced by heat pumps.

## **Retrofit**

The main older home retrofit schemes promoted by governments have been installing new insulation or heating systems. The Energy Company Obligation, financed by a levy on energy companies, has supported low-income, vulnerable and fuel poor households. The Green Deal, launched by the Coalition government, allowed loans for energy efficiency measures paid for by future additions to energy bills. However, the interest demanded on the loans was very high and the scheme was axed in 2015 due to low take-up. The Cameron-led governments, in response to political controversy on energy prices, modified the obligations on energy suppliers in favour of a general reduction in heating costs.

A step change in retrofit policy was announced in 2020. The Chancellor of the Exchequer announced his green recovery plans from Covid-19 including a scheme providing energy efficiency upgrade support the form of grants which will cover at least two thirds of the cost, up to £5,000 per household. For low-income households, the grants will cover the full cost of the work — up to £10,000. Homeowners and landlords are eligible to apply for vouchers. In the private rented sector, current regulations require a minimum energy performance rating of 'E'. Landlord's whose properties do not meet this standard are required to invest up to £3,500 in energy efficiency improvements.

In 2020 the Government announced its 'preferred policy scenario' for improving energy efficiency in the private landlord sector as raising the energy performance standard required from private landlords to B and C and increasing the maximum landlords must spend on each property to reach this level of energy efficiency to £4,700 with a £10,000 cap on total

expenditure. These changes would be introduced over 'a phased trajectory', starting with new tenancies from 2025 and all tenancies from 2028.

Retrofitting older homes to high energy efficiency standards will not only contribute to reducing climate change it will also help the thousands of households in fuel poverty.

Moreover, large-scale retrofitting, rather than piecemeal action, will substantially reduce costs.

### **A 'New' Beveridge**

There have been calls for a 'New' Beveridge for some time and the Covid-19 pandemic has accelerated these demands (Fabian Society, 2020).

Beveridge's 1942 report was not about equality except in the narrow sense of 'risk pooling'.

A 'new' Beveridge needs to be about equality plus a recognition that new 'Giant' needs to be slain. The housing crisis is not a crisis for all which explains why it exists. There have been gains for the 'rentiers' living from existing assets: established property and land owners, banks and the 'exchange' organisations operating the system.

Beveridge emphasised environmental 'squalor' and climate change is a major new challenge that has to be overcome. The recent revived Government interest in boosting energy efficiency in homes is welcome but domestic boilers will need to be replaced by heat pumps, an expensive and disruptive undertaking. Beveridge's concern about the environment would have led him promote measures to eliminate carbon emissions. After the Covid-19 pandemic has been dealt with, climate change will surely assume status as the biggest global threat. The 2008 Climate Change Act committed future governments to cut national greenhouse gas emissions by at least 80% by 2050 (from 1990 levels), and agree interim five-year 'carbon budgets' that take the country progressively towards that 80% target at the lowest possible

cost. In 2020 Boris Johnson announced there would be a reduction of 68% in annual carbon emissions by 2030, compared with 1990 levels, a major reduction from current commitments (Guardian 2020). Homes can make a significant contribution to reducing carbon emissions. Estimates of the contribution of domestic accommodation to carbon emissions vary but Potton (2020) puts it at 15%. Reducing this contribution involves ensuring new homes are built to zero carbon standards and retrofitting older homes.

A major heating retrofit programme should be accompanied by upgrading homes to a new Decent Homes Standard to include a new environmental standard (low litter incidence; children not living above a specified storey in a flat block; play areas, access to green space; kitchens bathrooms less than 25 years old, solid doors, fire safety, showers as well as baths and low consumption water pumps heating etc. If heating retrofit and home upgrade is implemented through an improvement grant system and reducing VAT on home improvements it will help lower-income households to avoid the private landlord sector.

UK new house construction after the middle 1970s declined when local government production was curtailed. Beveridge recommended New Towns as the solution to 'squalor' and a new wave of New Towns is overdue. When England's first New Town was proposed, Stevenage Residents' Protection Association organised opposition including placing fake railway signs, in Russian symbols, renaming Stevenage, 'Silkingrad'. On a visit to Stevenage, Lewis Silkin, the responsible Minister, had his car damaged but, addressing a public meeting, he told the hostile audience 'It's no good your jeering, it's going to be done' (Broughton, 2019). Today, 'getting the job done' in pursuit of the common good — is all too rare.

Part of the New Town appeal was the retention of enhanced value in the community an appeal that also applies to local authority and housing association supply. Providing at least

100,000 more new social homes per year has been estimated to cost between £7.5bn and £12bn depending on the mix of tenures and rentals but substantial savings in Housing Benefit would be made over time and local economies would be boosted. (Capital Economics, 2019).

A new council housing building programme would not only alleviate housing need, it would contribute to restoring the sector's image with the model being the terraced, eco-friendly council development in Norwich, winner of the RIBA Stirling Prize for architecture. The package — retrofit and a new social housing programme — has similarities to Labour's 2019 Manifesto commitment with a £70 billion estimated cost.

The value of homes owned by private landlords has more than doubled since 2007, increasing by 111% due to the private rented sector's growing housing market share and house price inflation. Private landlord equity is now £1.3 trillion, up from £0.6 trillion in 2007 (Savills, 2020). 40% of landlords do not now use loans and, for most landlords with loans, assets are greater than the loan debt (MHCLG, 2019). Cash availability enables landlords to outbid first-time buyers and 'second steppers' — people needing extra space for a growing family. Watchers of the TV programme 'Homes Under the Hammer' will know the process. Outbid potential homeowners, make basic improvements and then rent. Each transaction adds to the growing pool of renters and enables rent increases. The Affordable Housing Commission (2020) identified growth in private renting as the major cause of unaffordability and recommended setting up a National Conversion Fund to allow social housing providers to buy privately rented accommodation.

Income gaps after housing costs have become more unequal. In 1979 the Gini coefficient — a measure of inequality with 0 meaning complete inequality and 100 total inequality — was the same before and housing costs but the gap gradually increased from 31 before housing costs

to 37 after housing costs in 2018/19. The P90/910 ratio (high income versus low income) was 3 in 1979 after housing costs but, by 2018/9, had reached 5.2 (Francis-Devine 2020b).

Housing wealth has been increasing, up 13% between 2014 and 2018 (ONS, 2019) and there is an overlap between owner-occupiers and private landlords in wealth holdings. Overall housing wealth distribution is very unequal with the bottom decile of the housing wealth distribution holding no housing wealth and housing wealth increasing very slowly until the 4th lowest decile (£54,600). The second highest decile had £375,000 in housing wealth and the highest decile £761,601 (ONS, 2019).

Taxing wealth arising from enhanced land value ('underserved' according to both David Lloyd George and Winston Churchill) has a history of failure (see Lund, 2016) but is being re-examined. A Land Value Tax involves complicated implementation issues, in particular its relationship to other taxes such as the Council tax, Business rates and Stamp Duty Land Tax, developer contributions from enhanced land values and the technicalities involved in land valuation. None the less, as a tax that is difficult to avoid, acts as an incentive to sell and taps the large unearned wealth accumulation derived from land value hikes, it has considerable potential as a future revenue raiser.

The governing Conservative Party however dislikes taxing housing wealth arising from enhanced land values and it is highly unlikely that Boris Johnson's government adopt the idea. However, by 2024, when the next General Election is due, paying for Covid-19 containment and reviving the economy will be high on the political agenda and Labour may back a Land Value Tax.

## **Conclusion**

‘Squalor’ is a vivid word with ‘filth’ associations. None the less, ‘Squalor’ stains the UK: rough sleeping; ‘beds in sheds’; squalid accommodation for some homeless children (Children’s Commissioner, 2019).

Beveridge was not a housing policy innovator: the case for New Towns had been made long before Beveridge’s 1952 publication and housing association promotion was a long-established Liberal policy. Compared to his other policy recommendations, his housing policy proposals had little international impact.

Beveridge did not find a solution to the rent problem and neglected housing standards in setting his minimum income. Nevertheless, had his recommendations on national average rents been part of the national insurance scheme when introduced in 1948 and Family Allowances paid at Beveridge’s recommended rates then the rent problem would have abated. Payments for accommodation relative to earnings are now higher than in 1948 and can be very high especially in the private landlord sector. Assuming that rental costs should be no more than 30% of gross annual income, Price, Waterhouse and Cooper (2019) estimated that 25% of households in the North East and 40% in London could not afford rented accommodation. Large rent variations and high rental costs make it extremely difficult to deliver a universal scheme (without rent caps and means-testing) covering housing costs. It is crucial, in the context of housing, to see issues around affordability, rental cost and fuel poverty (as well as others) as part of a systemic failure to plan and invest in housing at local levels. The highly centralised system of government has not functioned well in supporting such planning and housing development. It is also clear that Beveridge’s Giants are related. Recent reforms relating to ‘Wants’ such as the bedroom tax, benefit and rent caps, and benefit sanctions (see Author Reference, this Issue) have a clear impact on Squalor.

Some commentators hint at a 'back to the future' or 'further back from Beveridge' scenario, making Beveridge's 'the problem of rent' more problematic. For example, Bogue (2019) argues that the private sector is once again growing in prominence as social housing at a social rent is declining in favour of 'affordable' rents, starter homes and help-to-buy schemes. 'The loss of social housing and the undermining of council estates will increase housing precarity for those on the lowest incomes, and is likely to increase homelessness and return those on the lowest incomes to the pre-council estate era of squalid and cramped, privately rented accommodation' (p, 145).

We have seen above that attempts to address a range of housing issues are often compromised by torturous planning processes, the highly-centralised government of the UK, and alongside this the decreasing power of local authorities, especially in terms of the resources available to them, to address the housing challenges before them. Beveridge's central message about the problem of 'rents' – that they vary too much from one area to another – means that highly centralised approaches to housing will always struggle to find appropriate solutions. It is also clear that the private housing sector cannot deal with the problems of affordability or even always provide decent homes, either through rental or even in many cases home ownership. The final challenge, that of fuel poverty, is arguably more recent, but has been exacerbated by the rapid rises in charges for electricity and gas since the privatisations of the 1980s. Even if an increased focus on increasing energy efficiency has helped to some extent to alleviate fuel poverty, reaching those most struggling with energy costs, especially if they live in low-quality housing, remains an urgent problem.

It is also the case that the article has not dealt with either homelessness (Bogue 2019; Harding 2019), which remains a challenge that governments struggle to deal with, and the appalling fire at Grenfell Tower in 2017. That homelessness remains with us eighty years after Beveridge's Report is extraordinary – however it is the case that governments have found

novel approaches to dealing with the challenge it brings during the COVID-19 pandemic, and which they can hopefully learn from. In terms of Grenfell, as we write the article in 2021 although some progress has been made in identifying other flat blocks at risk with similar cladding, there is still some way to go to make all accommodation safe, and little is still being done to address the underlying problem of affordable housing, especially in urban areas.

The Covid-19 pandemic produced some distressing images: a father with two young children stuck in a small overcrowded flat on the fifteenth floor of a tower block with the lift out of action and long queues at Food Centres. Although causal relationships are difficult to disentangle, there are strong associations between Covid-19 impact, low income-areas, social class and ethnicity (British Medical Journal, 2020). In 2020 there were 128,200 homeless children in England, (MHCLG, 2020c), 1.3 million children lived in overcrowded accommodation (National Housing Federation (2019) and 1.45 million children were living in accommodation below the Decent Homes Standard (MHCLG, 2018).

Covid-19 did not produce this outcome but it highlighted the impact of entrenched housing and social security policies (see Lund, 2019). A 'New Beveridge' will need to address climate change and recognise the necessity for vertical redistributive policies to overcome the UK's embedded housing crisis. Climate change is indeed a new 'Giant' that needs to be eliminated.

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