

Defend Council Housing



December 2007 35p

STAND UP FOR COUNCIL HOUSING

GOVERNMENT HAS INTRODUCED A new Housing and Regeneration Bill. This provides an opportunity to secure changes so councils can improve existing, build new and maintain all council housing as first class housing for years to come.

Our opponents seek to means test 'low cost rented housing', give predatory landlords opportunities to buy council estates, transfer key decisions from Ministers to new quangos and break up the national Housing Revenue Account – without putting in place guarantees for all councils.

Tenants, trade unionists and councillors need to organise now to make sure we get the right result!

The Bill, as it stands, continues the discrimination against council housing. Profit making landlords can apply for Social Housing Grant. But councils cannot unless they set up arms length companies. Why?

Councils are being cajoled and bribed to put public land into public/private partnerships (Local Housing Companies) that will build private – not council – housing.

The official 'Impact Assessment' also admits the present housing finance (HRA) regime is unsustainable. (see page 2)

This all falls a long way short of the 'warm words' for council housing we heard over the summer from Ministers, would-be Deputy Leaders of the Labour Party and the Prime Minister himself.

We desperately need more homes – it



by Austin Mitchell MP, chair, House of Commons Council Housing group

is shocking that so many people are living in appalling housing need. The private sector can't deliver. They never have before – why should they now? So government must invest in first class council housing to provide quality housing – not rabbit hutches; secure homes protected against eviction; and actually affordable (not just labelled as such).

The obsession with home ownership is not the solution. Only 15% of those accessing public subsidies were from the priority groups of council or housing association tenants. Government must direct public subsidies to invest in a strong public (council) housing sector for those who don't want or can't afford to buy, to provide a real alternative for those in temporary accommodation, facing chronic overcrowding and for young adults trying to move out from under their parents' feet.

Three Labour conferences have backed the demand for the 'Fourth Option' and Ministers only avoided a fourth consecutive defeat in September by scrapping votes at the conference!

Against us are those who clearly want to get rid of council housing, proposing

means testing and time-limited tenancies in their war on 'dependency'. This is nonsense.

In 1979 '20% of the richest tenth lived in social housing' (Prof. John Hills, Ends and Means, Feb 2007). Today 'people queuing up to be council tenants are not all poverty stricken and with multiple other problems' (Roof magazine, Shelter, May/June 2007). The 1.6 million households on council housing waiting lists include butchers, bakers, teachers and nurses who want a first class secure council home with lower rents and an accountable landlord. Investment in council housing can satisfy their need and, in the process, make estates the 'mixed communities' they used to be.

There is nothing in the bill to stop government siphoning money from tenants' rents and capital receipts. There should be. This would enable councils to fund much-needed repairs, respect the choice of their tenants, and provide new homes for those who need them.

Without these changes over 200 authorities face the continuing threat of privatisation: those who have decided to retain their stock, those with ALMOs and those yet to decide. That's not on.

Tenants, the trade union movement, councillors and MPs across all parties as well as increasing number of housing professionals and academics support the call for the 'Fourth Option'. This Bill is an opportunity for government to meet their expectations. Help make sure they take it.



COME TO PARLIAMENT JANUARY 22

Lobby MPs to secure changes to the Housing & Regeneration Bill. 200 authorities need to win the 'Fourth Option' to secure a long-term future for existing council housing. Building a new generation of first class council housing with lower rents, secure tenancies and a landlord tenants can hold to account is the most effective way to tackle housing need today. (See page 3 for details).

'FOURTH OPTION' for COUNCIL HOUSING

1. Enable local authorities to improve all existing council homes and estates;
2. Allow local authorities to start a new council house building programme;
3. Ensure that local authorities have sufficient revenue to maintain all council homes in future years;
4. Detailed proposals and a clearly defined timetable for implementation;
5. An immediate moratorium on any further transfers, PFI or ALMOs, demolition schemes or sale of council land and properties, until the new options have been formulated, to give tenants real choice.



COMMUNICATION WORKERS UNION



GMB BRITAIN'S GENERAL UNION



RMT



UNISON





We're disappointed that the draft of the new housing bill falls far short of what we had hoped for. No mention at all is made of local authorities being given the ability to use funds to borrow and invest in the maintenance of council homes and new council house building. We are concerned by the emphasis being given to the role of the private sector when it has contributed to the crisis in affordable housing in the UK. The proposal that people's entitlement to affordable housing depends on means testing will result in reduced social mix, not more which is a key government objective. We want to return to a situation whereby council housing again becomes the tenure of housing choice, not the one of last resort." **Derek Simpson, Joint General Secretary of Unite**



GOVERNMENT ROBBS TENANTS' RENTS...

Figures obtained by the House of Commons Council Housing Group have revealed that government took £24 billion out of tenants' rent accounts between 1994 and 2003. And the robbery is set to get worse.

We paid £60 billion in rent during 1994-2003, but councils were only given allowances of £36 billion to spend on the management, maintenance and major repair of our homes. A difference of £24 billion. (PQ Answer 0435 0436 06/07). The government's latest Subsidy Determination shows that things are just as bad now, and getting worse. In 2007/08 the difference was £1.7 billion and in 2008/09 the difference is set to rise again to £1.8 billion – although there are less homes.

The graph below shows the difference between rents and allowances per home over the last 14 years. In 1999-2000 – when 'Daylight Robbery' was at its height – the difference was £916 per home. Tenant protests at this unfair treatment forced the government to introduce the Major Repairs Allowance – and the difference dropped to £458. But since then it has been steadily climbing until in 2008/09 it has now risen above the 2000 level to £924.

Government is forcing our rents up through 'rent convergence' with housing associations but not even allowing councils to keep the extra income! Management and maintenance allowances are only 51% of the level of need that the government's own research calculated they should be (see 'Bring M&M Allowances up to the level of need', below)

And this situation is predicted to get a lot worse. The financial projections done by the six authorities on the 'self-financing' pilot scheme has revealed:

"the likelihood of a national surplus developing over the next few years, which could amount to billions of pounds. This would be real daylight robbery, or should we call it a con? Whatever slogan is appropriate, it is intolerable that we drift into a position where council tenants are paying an extra tax, without any debate or indeed anyone even admitting that it is happening" John Perry, Chartered Institute of Housing national policy officer, (Inside Housing, 23/11/07)

The government itself has been forced to admit that the Housing Revenue Account subsidy system is not viable – for the majority of councils! The official Impact Assessment of the

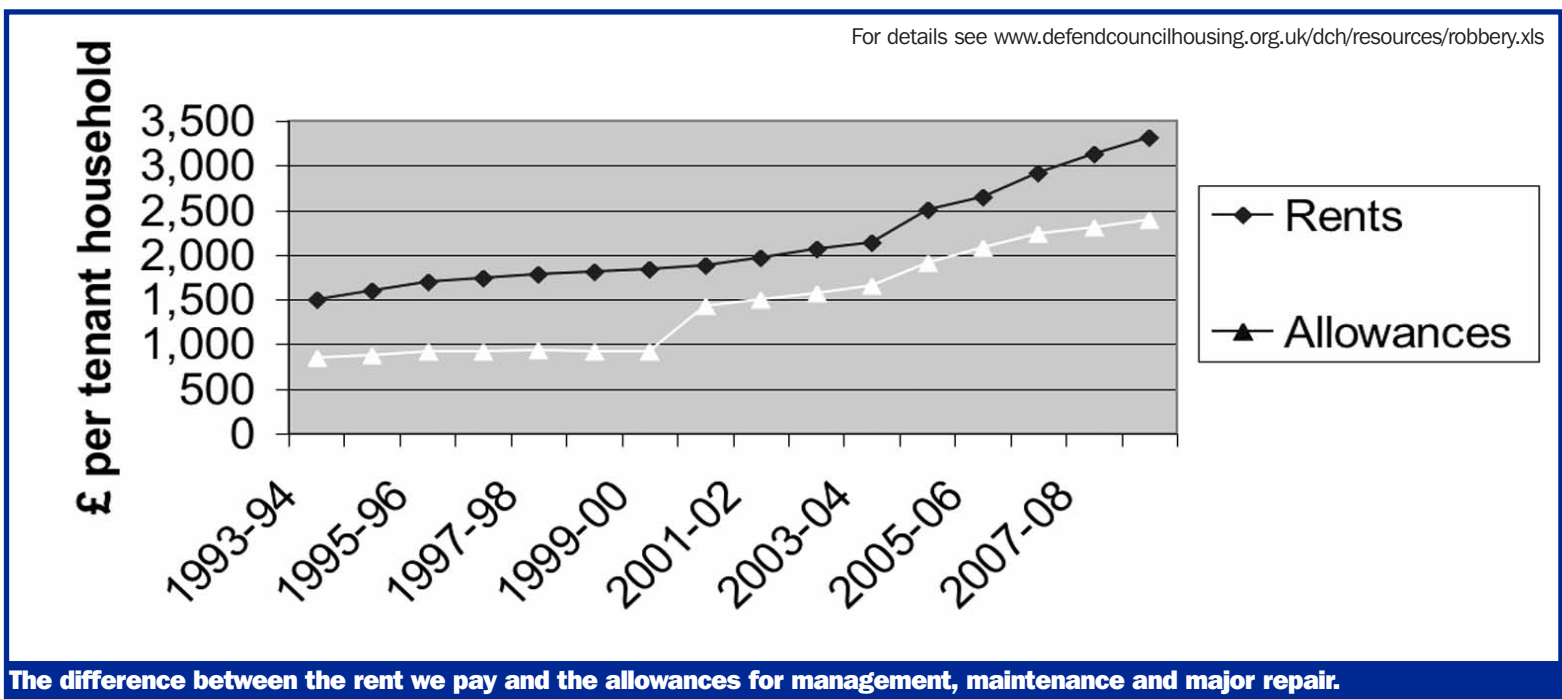
new Housing Bill concludes:

"Self-financing local authorities would have a one-off adjustment to their HRA debt, based on the net present value [NPV] of anticipated future payments into or out of the HRA subsidy system. ...It should be noted that, based on the modelling work done by the six authorities, a settlement at this NPV would not be viable for most councils. This settlement would create an opening debt level within

those councils higher than could be supported by their income."

It is wrong in principle that council tenants should be subsidising the general taxpayer or subsidising private landlords and home ownership schemes. And it is an outrage that the Treasury, whilst taking this surplus, is starving our homes and estates of investment and then blackmailing council tenants to accept privatisation.

...and the robbery is getting bigger



FUNDING THE 'FOURTH OPTION'

There is no shortage of concrete proposals on how government could fund the 'Fourth Option' – both to help bring existing homes up to standard where tenants choose to remain with the council; and to ensure a long-term sustainable future for council housing.

Investment Allowance

In 2004 the **Local Government Association** and unions put forward a proposal that 'good' performing councils should be able to access the extra money available to ALMOs direct. This would not cost a penny more in either cash or borrowing terms than ALMOs.

The then Deputy Prime Minister, John Prescott, accepted this idea in principle in discussions leading up to the 2004 Labour Party conference. Treasury officials endorsed the proposal so long as extra public money was clearly linked to 'good' (two star) performance. Our suggestion of a 'Continual Improvement Task Force' would help authorities with less than two stars access extra investment.

Ring-fence tenants' rents

The **Labour Housing Group** issued its own proposal for a "Retained Man-

agement Option" based on the principle of ring-fencing the extra money raised through rent convergence. In 2006 they identified that government would be taking an additional £600 million per year in rent from council tenants that could provide 'head-room' to support Prudential borrowing as an alternative to privatisation.

Bring M&M Allowances up to the level of need

The government's own research, carried out by the **Building Research Establishment**, showed that in 2001-02 Management and Maintenance Allowances should have been £5.5 billion when in fact they were only £3 billion. Factoring in inflation since 2001-02 and the number of homes shows that allowances would need to be £6.6 billion today to meet the level of need. They are only £3.4 billion. Housing consultant David Gibson has produced a report showing how the level of need could be reached by 2010/11 (*Sustaining Council Housing*, Nov 2007). He argues that ring-fencing the extra money generated by rent convergence would help towards meeting this and any extra cost to government in the short-term "would be reason-

able and fair as repayment of some of the rent money siphoned off from tenants (between 1994 and 2004) to fund rent rebates as negative housing subsidy. It is also reasonable since, as has been shown only a fraction of right to buy receipts... has been reinvested in council housing."

Write off Debt

The **Audit Commission** report (*Financing Council Housing*, July

2005) described existing housing finance rules as "perverse" and argued that the current system is not equitable. The report recommended that "the government should review the council housing subsidy system" and addressed the issue of the small number of authorities with high levels of debt, recommending "giving a specific focus on solutions for those authorities that currently rely heavily on the

system."

There is no justification for discriminating against councils who retain their homes by making debt write-off conditional on stock transfer. "Writing off debt owed by local authorities to central government has no effect on the financial position of the public sector as a whole, or on any of the fiscal aggregates." (Parliamentary Question answer, 19/01/06).

THE MONEY'S THERE

There are plenty of places the government could find money from to improve council housing and meet its manifesto commitment:

- "Receipts from the Right-to-Buy sales of council housing that have yielded around £45 billion – only a quarter has been recycled into improving public housing" (Joseph Rowntree Foundation 01/12/05).
- Stock transfer has produced £5.86 billion 'Total Transfer Price' which should be reinvested (*UK Housing Review* 2005/2006).

- Council rents are set to rise via 'rent convergence' but "Tenants face paying an 'extra tax' because the council housing finance regime is likely to go billions of pounds into surplus... rental increases will dramatically outstrip the amount of money... to manage and maintain their homes" (*Inside Housing*, 16/11/07).
- Government is offering subsidies for various 'affordable' home-ownership schemes which most people simply can't afford. Only 88

people have taken up the 'Social Homebuy' scheme for example.

- The savings on the extra housing benefit bill which will otherwise be caused by transferring homes into the RSL sector "public spending on bricks and mortar subsidy for council housing [fell] from £5.6 billion in 1980/81 to just £0.2 billion in 2002/03. Over the same period of time total expenditure on housing benefit rose from £2.7 billion in 1980/81 to £8.6 billion in 2002/03" (*UK Review* 2005/2006).



“Massive support for council housing is demonstrated time and again by tenant ballot results, conference motions, lobbies, and the size of the waiting list. Politicians who think they can ignore us and jeopardise the future of council housing are gambling on their own futures as well.”

**Alan Walter, chair,
Defend Council Housing**



Tenants, trade unionists, and councillors giving evidence to the 2005 inquiry.

House of Commons Council Housing Group MPs Inquiry into the Housing Bill

Tuesday 22nd January 2008
House of Commons, Westminster
(St. Stephens entrance)

The House of Commons Council Housing Group of MPs is holding an inquiry to gather evidence from tenants, trade unions, local authorities, housing professionals and academics to support amendments to the Housing and Regeneration Bill. The MPs are calling on supporters of council housing to submit formal written evidence and to apply to provide oral evidence and answer questions at Parliament on January 22.

Issues to address include:

- Changes to the present HRA subsidy system (locally and nationally) to enable authorities to improve existing, build new and maintain all council housing as first class housing for years to come.
- Financial modelling by local authorities showing the benefit/loss to their HRA from breaking up the national HRA on financially neutral

terms; retaining all rental income and capital receipts; debt write-off on equal terms available on transfer; increasing M&M to 100% of need.

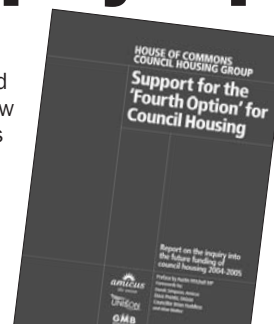
- Means-testing and its effect on sustainable communities – particularly welcome will be statistical information from local authorities on historic and current demographic analysis of council tenants and those on waiting list, the effect on allocations policy from reduction in supply, and estimates of what level of new council housing provision would make communities mixed and sustainable again.
- Proposed ‘Tenants Choice’ ballots.
- OFTENANT and its possible application to council housing (consultation, tenant empowerment, policy-making such as rent levels, and accountability).
- Providing Social Housing grant to profit-making landlords and local reaction to withholding SHG from councils retaining the direct management of their homes; the effect this is likely to have on security, affordability and value for money for the taxpayer.
- Actual affordability of ‘affordable’ housing (including rented and shared ownership schemes) available locally showing who has access and who is excluded.
- Demand for council housing locally.

WHAT YOU CAN DO

- Get local organisations to produce written evidence to the MP’s inquiry. In particular encourage your council to respond officially and use its expertise to provide financial information to support the case for the ‘Fourth Option’.
- Organise a delegation of tenants, trade unions, councillors and officers from your local area to come and give evidence to MPs. Ask your council to fund the delegation. (Contact Austin Mitchell’s office on 020 7219 4559 to request a time-slot).
- Ask your MP(s) to attend the session on January 22 and meet your delegation. If this is not possible meet him/her locally to discuss the Bill (see back page) and send in a report. Ask your MP to sign EDM 368 Investment in Council Housing and to join the Council Housing group at Parliament.
- The Report Stage and Third Reading of the Bill is expected late January so please send evidence, as soon as possible, to Austin Mitchell MP, House of Commons, London SW1A 0AA. Email info@support4councilhousing.org.uk

House of Commons Council Housing group last inquiry report

In 2004-05 the Parliamentary group held an inquiry to find out how much support there was for the ‘Fourth Option’ for council housing. The MPs held three evidence sessions, two at the House of Commons and one in the north of England.



They received written and/or oral evidence from 64 areas. Many areas brought delegations of tenants, councillors, unionists and officers. The MPs produced a 40-page report as a result (see www.support4councilhousing.org.uk).

“In Lambeth we have just had three ballots for partial transfer on specific estates and on two out of the three tenants voted a resounding NO. A lot of our estates in Lambeth are in areas where the land is worth a fortune. No wonder private landlords are so keen to get their hands on them. It’s time the government listened to tenants and stopped trying to find new ways to force privatisation down our throats.”

**Jean Kerrigan, vice chair,
Lambeth Tenants Council**

“The government’s saying a lot more housing will be built, but will they build the amount of council housing that people want and need? In Brighton and Hove, despite the threat that our housing will fall into further disrepair council tenants voted to stay with the council. Because we knew it wasn’t just about us, but the thousands on the waiting lists in our city whose bedrooms are someone else’s living room and others paying huge rents to profiteering private landlords and not even knowing from one short term lease to the next if they will be in the same home, or be able to find another if their landlord sells up. The government spend billions on wars, but can’t find it for decent council housing? Rubbish!”

Jane Erin, Brighton DCH

“Our ‘Right to Rent’ Campaign was launched last year. We campaigned on the streets and gathered over 4000 signatures on a petition and several thousand on pledge cards... the wider regeneration issue of thousands of council homes being demolished to pave the way for new unaffordable homes was unacceptable... The new body OFTENANT will have immense powers... This will be another Government Quango that will ‘advise’ us on what’s best for us. What disturbs us more than anything is the means tested rents proposals. It’s divisive and will simply expand the view of council tenants being second class citizens. The Leeds Tenants Federation campaigned for a review of the HRA account; we are concerned at the recent news of proposed changes to the Housing Subsidy system that will hit Leeds to the tune of £7m. These proposals must be challenged and quickly. Christmas is a time for many tenant bodies to take a well earned rest. They will come back to a nasty late Xmas present if action isn’t taken to stop this. The tenants movement needs to wake up to these threats to our rights before generations of hard work are undone.”

Michael Hall, chair, Leeds Tenants Federation

“I continue to give my whole-hearted support to the ‘Fourth Option’. Stroud tenants voted to stay with the local authority and they continue to tell me that they have no intention of changing their mind. It is vital that the government now listens to tenants and removes the barriers on providing equal rights for those council tenants and allows councils to start re-building providing the means to restore faith in this popular form of housing”

David Drew MP

“The key message for government is that the existing council housing stock must be seen as a priority for investment and renewal. Local authorities should be supported by central government to ensure that their council homes and surrounding environments provide world class social housing.”

Paul Kenny, general secretary, GMB

Give evidence
from 11.00am
to 6.00pm
Rally with
speakers 2-3pm
and 6-8pm

“The ‘Oftenant’ idea was opposed by every Regional Tenants Federation following grass roots consultations re: Cave Review. It appears tenants’ worst fears have materialised. Why has nobody listened? (Lack of) ‘Accountability of Landlords’ to their tenants, irrespective of tenure, is the single biggest gripe of people living on Merseyside, nothing in this Bill offers any comfort to all those tenants currently receiving lamentable services. Tenants want security of tenure and to live in mixed income communities, any ‘means testing’ will only guarantee that never happens. Merseyside Residents Network supports the call for councils to be allowed to build new houses for rent and we agree that the ‘Fourth option’ is the fairest way to enable that to happen. Tenants are nobody’s fools and large parts of this Bill are simply unacceptable. How will grass roots tenants hold the new regulator to account?” **Jimmy Devlin, on behalf of Merseyside Residents Network**

MPs debated the bill in Parliament on 27 November:

“Why should Council House tenants be treated as if they were somehow in transit? Instead of making people feel that Council House occupancy is little more than a temporary aberration we should be building homes fit for the future and homes to be proud of. Our Party did this 50 years ago and it’s a lesson from history well worth repeating.”

Dave Anderson MP

“The Bill envisages social housing grant, which is after all public money, being given to profit-making companies with almost no protection for tenants or taxpayers, when the same resources are being denied to good local authorities and their existing stock is being coerced away from them through pressured tenants’ ballots That is rather an odd mix, is it not?”

David Taylor MP

“The Bill creates an unaccountable regulator, Oftenant, and transfers key responsibilities from elected Ministers and Departments, including responsibility for such sensitive issues as the criteria for allocating accommodation, the nature of housing demand to be met, the extent to which housing demand is to be supplied, the terms of tenancies, the level of rent, the procedures for addressing tenant complaints, and even antisocial behaviour... This is a very far-reaching – I would even say breathtaking – proposal and ...could well undermine ministerial responsibility for one of the most fundamental needs of citizens... the provision of good quality, high standard accommodation for all, and particularly for the poorest 20 per cent. in society.”

Michael Meacher MP

“I welcome the building of three million additional dwellings, but at least one third of those houses should be built, controlled and managed by our local authorities. In 1945, we had a Government who understood that the very best contribution to improvement in public health was publicly owned, built and managed housing. We cannot, we will not, and we must not tolerate a situation in which people’s tenancy of a local authority home – or, indeed, of an ALMO – depends on their income. I hold as an ideal mixed estates of people from different walks of life.”

Ken Purchase MP

“The Government’s target of building 45,000 social homes in three years’ time is completely inadequate. A comparison should be made with the period when John Major was Prime Minister, because in one of those years 52,000 homes were built. We are still not reaching the level of social housing building that was taking place then. The failure to invest in bricks and mortar – in building new council homes – means that we spend far more, in revenue terms, on propping up the private sector. Councils have to put families in private accommodation, and housing benefit is used to pay extortionate amounts in rent – often, in my constituency, for houses that used to be council houses.”

Lynne Jones MP

THE FLAWS IN AND REGENER

The second reading of the government’s new Housing and Regeneration Bill took place on November 27. Government is promoting the promise of three million new homes. Ministers are relying on the private sector to deliver these new homes. Few believe they will. But behind the headlines the bill also introduces some fundamental proposals – most of them undermining a secure future for first class council housing. These include:

- Means testing ‘low cost rented housing’;
- Discriminating against councils building new homes by withholding public money on offer to RSLs and profit-making companies;

- Transferring key responsibilities from elected Ministers and government departments to an unaccountable new quango;
- Giving the regulator powers to determine criteria for allocating accommodation, terms of tenancies and levels of rent;
- Breaking up the national Housing Revenue Account without long-term guarantees for funding council housing;
- Enabling predatory landlords to ‘persuade’ tenants to ballot to transfer their homes and estates (similar to ‘Tenants Choice’ under HATs in 1988).

MEANS-TESTING

The Bill provides a new definition of ‘low cost’ housing and an eligibility criteria for new homes

“68. Low cost rental Accommodation is low cost rental accommodation if: (a) it is made available for rent, (b) the rent is below the market rate, and... (c) the accommodation is made available in accordance with rules for eligibility designed to ensure that it is occupied by people who cannot afford to buy or rent at market rate.”

This clause would introduce the concept of means-testing into council housing – exactly what the Smith Institute (*Rethinking Social Housing*, 2006) and others have been demanding. The fundamental founding principles of council housing were based upon local authorities providing first class, well designed and well built housing for all sections of society – not housing of ‘last resort’ for those who could not afford anything ‘better’. Professor John Hills reported that in 1979 “20% of the richest tenth lived in social housing” (page 45, *Ends and Means*, Feb 2007). If the principle of means testing is accepted for new homes it could reinforce stigmatisation and

further concentrating deprivation on council estates when tenants – and government supposedly – want to promote council housing as a tenure of choice.

The proposed new definition ‘below market rate’ (which could be £1 a week below!) is not the same as council rents which are currently genuinely affordable – and is no guarantee of affordability.



Making our voices heard

DISCRIMINATION AGAINST COUNCILS BUILDING

The bill allows for particular properties to be excluded from the Housing Revenue Account (HRA) subsidy system. This will allow councils to keep all the rental income from new-build homes.

However, government is discriminating against councils by explicitly refusing to give them Social Housing Grant unless they set up ALMOs or Special Purpose Vehicles. RSLs and even ‘for profit’ landlords will be able to apply for SHG.

The official Impact Assessment of the bill (page 58) estimates that councils will be able to build only 2,500 homes a year (compared to 300 at present).

Councils wanting to build new

homes will be given a false choice. Either they will have to set up a separate company (ALMOs or special purpose vehicles) to build the homes – in which case they will be entitled to grant. Or they can build real council housing – secure, affordable, public housing directly managed by an accountable local authority, with secure tenancies – but must bear all the cost themselves. This is pure discrimination. There is no financial reason for it as the borrowing of ALMOs and SPVs is public ‘on-balance-sheet’ borrowing. It is a return to the dogmatic insistence on separation of functions which has been shown to mean nothing but a loss of accountability.

PROFIT

Profit-making companies will be allowed for the first time to register as social landlords.

Profit-making RSLs will have much less regulation than non-profit-making RSLs – they will not be required to provide the same levels of information or to comply with the same standards of financial management; the regulator will have no power over their boards. Crucially they will be exempt from the safety net that if they get into financial trouble homes must be transferred to another registered provider. (See sections 123, 124, 134, 135, 157, 162, 174, 187, 231.) It is not clear what kind of tenancies profit-making providers will be required to offer – whether tenants will even have the minimum protection provided by an assured tenancy. As the regulator is to set ‘terms of tenancies’ it could be that this vital protection for tenants is in the hands of

DEREGULATION

The Bill creates the Office for Tenants and Social Landlords (OFTENANT) – a new regulator which will take over the Housing Corporation’s regulatory functions for Registered Social Landlords. Key responsibilities will be transferred from elected Ministers and government departments to OFTENANT, an unaccountable quango.

OFTENANT will have the right to set, and enforce, standards on:

“(a) the nature of the housing demands to be addressed, (b) the extent to which demand is to be supplied, (c) criteria for allocating accommodation, (d) terms of tenancies, (e) levels of rent (and the rules may, in particular, include provision for minimum or maximum levels of rent or levels of increase or decrease of rent), (f) maintenance, (g) procedures for addressing complaints by tenants against landlords, (h) methods for consulting and informing tenants, (i) methods of enabling tenants to influence or control the management of their accommodation and environment, (j)



Tenants, trade unionists and supporters lobby

a quango rather than the law.

It is outrageous that the government is proposing on the one hand to give social housing grant (public money) to profit making companies with so little protection for either tenants or taxpayers; and on the other refusing to give grant to councils.

anti-social behaviour, (k) landlords’ contribution to the environmental, social and economic well-being of the areas in which their property is situated, and (l) estate management.” (section 173)

Councils are specifically excluded from the Bill but the aim is to include them in two years Council tenants already have many rights and standards set by democratic means and these should not be taken over by an unaccountable body. The Bill proposes allowing the regulator to forcibly transfer management or even ownership to another organisation; without any obligation for consulting all tenants, for a ballot of tenants, or even for consent by the Secretary of State.

The regulator has virtually complete control over the criteria for registration (section 109), unlike the present system where the Housing Corporation can only register a landlord whose main objects are the provision of housing (Housing Act 1996, part 1). RSLs have been lobbying for some time to be freed from the rule

“The government’s tiny CONcession is that maybe a few councils can break away from the national Housing Revenue Account system and become “self-financing”, but to do it they’ll have to take out a massive debt for 30 years worth of the ‘negative subsidy’ which they’d otherwise be paying to the government. So Cambridge, for instance, would have to borrow an approximate £240 million up front! Not to mention the real threat that separating councils in this way could pose to the unity of council housing as a national system. The pressure must continue, this Bill is nowhere near good enough.” **John Marais, Cambridge Tenants Against Privatisation**

THE ‘HOUSING REGENERATION BILL’

“I have been worried for some time that if the economy slows, stag-nates or crashes there will be nowhere to house those people who lose their owner-occupied houses... the problem is that many of those who have been persuaded or even cajoled into buying their own home can no longer afford to maintain it. Today, for example, I visited a refurbished council estate, where it was easy to pick out the houses that had been bought in previous years, because they desperately need refurbishment.” **Brian Iddon MP**

OPENING DOOR TO PREDATORY LANDLORDS

The bill will enable predatory landlords to ‘persuade’ tenants to ballot to transfer their homes and estates – a return to the ‘Tenants Choice’ ballots the Tory government introduced in 1988. Described as a right for tenant groups to require their council landlord to carry out a ballot on transfer, in practice it opens the door to private landlords cherry-picking estates in areas where land carries a high value. Tenants will be offered improvements to win support for building private housing on their community facilities and green spaces.

Whilst formalising in law the custom and practice of balloting tenants on transfer the bill doesn’t specify what proportion of tenants eligible to vote must vote Yes to result in approval. And, significantly, in response to increasing numbers of complaints from tenants that their ballot process was undemocratic the Bill unrealistically requires objections to be registered with the Secretary of State within 28 days of a ballot making it much harder to collect evidence.

“We face a crisis on a scale that we have not seen since the second world war; the solution is straightforward: it is called the council house. The community is degenerating in front of our eyes, and people live in appalling conditions, while others make vast profits...we are offering private companies, instead of local authorities, the opportunity to access public money. I thought that we were going to get a level playing field as a result of the Labour party conference decisions and commitments that were given by the Prime Minister.” **John McDonnell MP**

“My city of Portsmouth, which was proud to build 31,000 council houses, now has fewer than 13,000... our local authority prided itself on honouring its commitment to tenants to keep well maintained properties and to keep rent at respectable levels, but it is now being punished. Unless there is a substantial change in how the housing revenue account subsidy works, we will have lost £7 million in council rents by the end of this year and £97 million if it continues to 2013.” **Mike Hancock MP**

“I have to tell the Minister that as the so-called flexibilities stand, they will be of very limited benefit to most of the local authorities in Wales. That is probably the case in England, too, and it is certainly the case for the authorities that we should care about most – those in areas where social housing need is greatest... On clause 259 it would appear that the Government are not satisfied when tenants vote no. Even when tenants and local authorities decide not to go down that route, there is the potential for landlords – even for predatory private-sector landlords, in England – to try to persuade tenants with inducements, and to cherry-pick the best estates.” **Adam Price MP**

“The Bill talks about putting tenants at the centre of the process and empowering them, yet when half the tenants in the country – more than two million – voted not to be transferred to registered social landlords, the Government said, ‘Tough, you’re just going to sink. You’ll have no money to do up your houses and we won’t build new houses in your area.’ They told those tenants that they would be ignored and punished because they had the wrong views – their views did not fit with the Government’s.” **Paul Holmes MP**

“I must raise concerns about the loss of the current requirement that RSLs be non-profit-making organisations... to open the door to existing RSLs converting from not-for-profit to profit-making status, as the new formulation in clause 111 appears to do... would, at a stroke, give credence to all the scaremongering of organisations that are opposed to the transfer of tenancies between sectors, who claim that a transfer from a council to a housing association is privatisation that would expose tenants to potentially rapacious profit-making landlords.” **Nick Raynsford MP**



Protesting Parliament for the ‘Fourth Option’

whereby at least 51% of their activities have to be providing social housing – but this is hardly good for tenants.

The regulator is not even required to consult tenants but only “one or more bodies appearing to it to represent the interests of tenants” (eg section 109(6)) Such an organisation could be merely appointed by government and dominated by professional consultants and facilitators. Tenants have always rejected ‘consumer panels’ and insisted on an independent tenants movement accountable to other tenants.

BREAKING UP THE HRA

The bill proposes to break up the national Housing Revenue Account without long-term guarantees for funding council housing. Government has been running an ‘opt out’ pilot scheme with six authorities. It is clear that Ministers would like to break up the national Housing Revenue Account.

However, the official Impact Assessment of the bill sets out the basis on which the government intends to use this clause, and it is not good news for councils or tenants.

“The principle of self-financing is fiscal neutrality with the current HRA subsidy system...It should be noted that, based on the modelling work done by the six authorities, a settlement at this NPV would not be viable

for most councils. This settlement would create an opening debt level within those councils higher than could be supported by their income” (page 44).

Why should tenants and councils be expected to leave the protection of the national HRA and face the consequent exposure to risk, without adequate funding? When homes are transferred the new association is allowed to keep all its rents and right-to-buy receipts and if necessary gets historic debt written off and gap-funding on top! But for its self-financing councils the government expects them to stay with existing levels of funding.

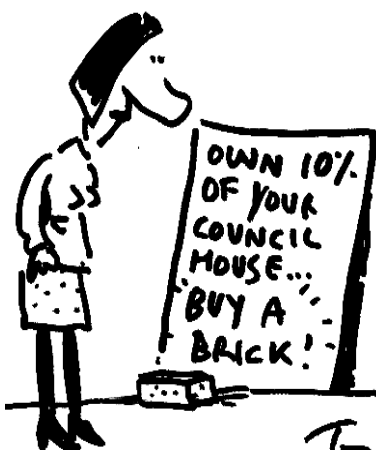
Effectively the government has now acknowledged that the present national HRA subsidy system will in

LOSS OF ACCOUNTABILITY

Transferring key responsibilities from elected Ministers and government departments to an unaccountable quango means a loss of accountability.

The new Homes and Communities Agency (HCA) will merge the grant-giving function of the Housing Corporation with English Partnerships. It is likely that decisions over the funding

of Decent Homes for councils is to be transferred from the government to the HCA (see www.communities.gov.uk/news/corporate/pioneering) This would mean decisions on the allocation of money for ALMOs, PFI credits and gap funding for stock transfer. Moving decisions of this kind from the government to a quango means a loss of accountability.



The full text of the bill, and government’s explanatory notes, can be found at: <http://services.parliament.uk/bills/2007-08/housingandregeneration.html>
The government’s Impact Assessment for the Bill can be found at: <http://www.communities.gov.uk/publications/housing/handrbill>
And DCH have produced a briefing with more detail which you can download from: www.defendcouncilhousing.org.uk/dch/dch_HousingBill2007.cfm

“The publication of the (Scottish) Government’s consultation document: Firm Foundations; The Future of Housing In Scotland shows the same emphasis and concentration on private development. A conference on the consultation document last week showed that tenants are up for a contest and are ready to challenge the existing orthodoxy. We need much more council housing to help solve the present crisis.”
John Carracher, convenor, Scottish Tenants Organisation

The history of council housing

In 1945 poor housing was one of the five great evils identified by Beveridge, and Nye Bevan put the right to a home to rent at the forefront of government policy. The post war council estates between 1945 and 1951 under Labour were planned as a right, high quality rented housing for all sections of the community – just like free schooling, free health care, full employment. Bevan described his ideal council development as a village with a cross section of classes and wealth.

“Even in the face of massive shortages of both labour and materials Bevan managed to push up the council house-building programme to 227,000 in 1948 and ‘pushed up the old minimum standard for council housing from 750 square feet to 900 with lavatories upstairs and well as down...’

Bevan’s policy was to restrict severely private housebuilding, allowing only one private house for every four built by local authorities, to order local authorities to requisition empty houses and derequisition those it had taken over as offices, to toughen rent controls, put first priority on repairs to unoccupied war-damaged dwellings, and charge local authorities with the task of building...He persuaded Dalton.... to treble the subsidy for council housing”

Nicholas Timmins ‘The Five Giants – A biography of the Welfare State’ Fontana 1996

In 1968 31% of council tenants were from the poorest 30% of households nationally, 46% from the richest 50% of households. They were a cross-section of working class and professional middle class families: teachers, social workers, professional and white collar workers of all kinds. Council housing was now in 1978 at its all time high, nearly a third of housing (32%). In 1979 councils were still housing in rented accommodation 20% of the richest tenth of the population. Balanced, sustainable council housing.

In 1968 the Greater London Council started a 70% three year increase in council rents. 20,000 tenants demonstrated in Trafalgar Square, and 11,000 families went on rent strike. Attempts to force private market rents on council



Trafalgar Square, 1972

WHAT WE’RE FIGHTING FOR

THE URGENT NEED FOR THIRD GENERATION COUNCIL HOUSING

The first generation of council housing was the response to the Victorian slums, the second as the result of the Blitz. It’s time for the Third Generation.

The threat of tenants’ organisation and the impact of the 1917 Russian Revolution in Britain made wartime Prime Minister Lloyd George deliver ‘homes fit for heroes’ in the 1919 Addison Act. One civil servant put it bluntly: ‘The money we are going to spend on housing is an insurance against Bolshevism and Revolution.’

All councils had to build housing for rent, and the government gave them central subsidies.

In 1939 a nationwide tenants federation was launched – when war came the government immediately froze all rents – just in case!

John Grayson, ‘Tenants, Histories and Movements’, in ‘The Case for Council Housing in 21st Century Britain’, DCH 2006

Rent strikes and industrial unrest before and during the First World War won the highly controversial imposition of rent controls in 1915. Tenants and trade unionists went on to organise to demand ‘municipal’ housing as an alternative to Victorian slum landlords. The 1919 Addison Act put council housing on the map.

Many of the ‘Homes fit for Heroes’ have stood the test of time. The Boundary Estate in Bethnal



Protests against Housing Finance Act, Clay Cross, 1973.

Green is beautifully designed and laid out. In 2006 87% of tenants rejected privatisation and voted to keep the council as their landlord. There are many examples of well designed, well built, spacious council homes, often with gardens, that have provided secure, affordable housing for millions.

The second generation of council housing was built within a cross party consensus to tackle housing demand

after another crisis – the Blitz. Tory and Labour governments understood that the private sector would never be able to meet post-war housing need and out-bid each other with promises to build the most council homes. Sadly, this emphasis on quantity, coupled with the building industry’s drive for maximum profits, led to some of the poor design and construction that has damaged the reputation of council housing.

A generation later, free-market housing policies are damaging the lives of millions. Council housing lists continue to grow and with house prices up to ten times average wages, the ‘dream’ of homeownership is a fantasy for many. Years of under-investment in council housing have left many estates in poor condition and rising rents mean that the Housing Benefit bill dwarfs housing investment. The ‘credit crunch’ has brought one British bank to its knees and now threatens not only the housing market, but the whole economy.

Another housing policy is possible: one that provides the first class, secure housing that working people need at a price they can actually afford. Using public land for public housing makes economic sense: savings in temporary housing costs alone would make building council housing value for money. The benefits in improving health and education as well as tackling other social problems are overwhelming.

Meeting real housing need requires proper planning and it’s local councils who have the local knowledge, expertise and commitment. Above all, local councils are publicly and democratically accountable.

We don’t have to repeat the mistakes of the past. Tenants and those in housing need demand real, planned investment in public assets that will give value for generations to come, just like council housing has done for the last 100 years. We need homes that are well built, affordable, secure and democratically controlled. It’s time for a third generation of council housing.

Independent Tenants Movement not Consumer Panels

There used to be a strong and active tenants movement in most parts of the UK. Tenants Federations sprung up to co-ordinate Tenants Associations within a local authority area which in turn sent delegates to national meetings and debates.

But in the 1990s a whole new industry of ‘Tenant Participation’ was encouraged by government to wrestle control of tenant organisation. Under the guise of ‘empowerment’ tenants organisations were sanitised and new forums and panels created. Instead of open debate they want to give us tenant directors gagged by confidentiality clauses and overcome with business plans, missions and visions. So called ‘tenant representatives’ end up spending more time with government officials than organising meetings with tenants.

Now they are proposing to set

up a national ‘consumer panel’; and saying that the regulator will only have to consult that panel and can ignore the rest of us! It’s not on.

But there are encouraging signs around the country of more tenants turning against this controlled Tenants Participation bandwagon. Again we’re starting to organising ourselves into the kind of independent tenants organisations that we’ll need to fight off the latest threats.

If we are to succeed we’ll have to ignore the flattery and refuse the seductive offers of funding if conditions that restrict our democratic rights to organise and say what we want are attached. We expect and demand that, however we organise ourselves, our landlords hand over funds from our rents to finance our independent tenants movement, with no strings attached.

tenants and the Housing Finance Act of 1972 provoked a wave of protests. Thirty council areas witnessed massive protests – in Kirkby in Liverpool tenants were sent to prison, 15,000 went on rent strike in Dudley. The growth and militancy of tenants’ federations and national organisations forced government in a 1979 Housing Bill to give council housing secure tenancies for the first time.

The 1980 Right to Buy dramatically changed the social mix of tenants renting council housing. Over half the council stock was literally given away and it became the biggest single privatisation of the Thatcher era – bigger than water, gas or rail. Housing expenditure was cut between 1979 and 1985 by 55%. Subsidies to council tenants were cut by 31% 1979 to 1985; subsidies to owner occupiers were increased by 212%. By 1986 60% of tenants were from the poorest 30% of the population, 18% from the richest 50% - almost an exact reversal of 1968 figures.

The 1988 Housing Act introduced ‘Tenant Choice’. Any private company

could register as a landlord and then organise a ballot on an estate and persuade the tenants to transfer to them. In the face of major opposition from council tenants, the proposals were subsequently repealed.

Since then determined campaigning by council tenants has won several concessions – the introduction of the Major Repairs Allowance, the end of the ‘Daylight Robbery’ system of using tenants’ rents to subsidise Housing Benefit, and the introduction of Prudential Borrowing.

In 2000 the government launched a big drive to privatise the remaining council homes through stock transfer. Pundits predicted the ‘Death of council housing’. Determined resistance by tenants led to an attempt to break the campaign by the introduction of the ‘ALMO’ formula. But despite the dire predictions there are still over 2.5 million council tenants across the UK, with over 120 authorities directly managing their stock, and millions more who want a council home.



Council housing is a major issue in our society... people mustn't fall into the trap of feeling that we've done enough. It's a social necessity; we need to leave something in place that will make a difference to future generations." **John Thompson, president, UCATT (speaking at the DCH fringe meeting at the TUC conference September 2007)**

THE CASE AGAINST TRANSFER

TRANSFER MEANS PRIVATISATION. Housing associations ('Registered Social Landlords') are private companies in law. Talk of 'not for profit', community-based ownership or co-operatives is nothing more than window dressing to disguise these basic facts.

The Housing Association sector is driven by mergers and takeovers. "England's largest housing association has held talks with the Housing Corporation about floating the company on the stock market..." (*Inside Housing*, 5 January 2007). And if the new Housing Bill gets it way, profit-making companies will be able to register as Social Landlords with almost no protection for tenants.

Loss of secure tenancy

Council tenants' secure tenancies are lost after transfer. Housing associations promise that extra rights written into the tenancy agreement will give equal security with the rights we have as council tenants. These promises don't have the same force in law as statutory rights; and importantly, new tenants won't get these extra promises.

More expensive

Privatisation is very expensive. Housing Associations have higher management costs and pay fat-cat salaries (some over £200,000). The Public Accounts Committee of MPs found when in 2003 that it costs £1,300 per home more to improve after transfer than it would have cost under local authority control.

Higher rents

Housing Association rents are much higher than council rents. Our council 'secure' tenancies guarantee us the legal right to a 'reasonable' rent. Housing associations are allowed by law to charge a market rent and their trade body is lobbying government to be allowed to increase their rents faster (*'Building Neighbourhoods'*, National Housing Federation, September 2007). Government has been trying to 'converge' council and Housing Association rents but their plans are now in disarray. Ministers have recently been forced to put back rent convergence from 2012 to 2017

in order to maintain "rent affordability for tenants" (*Letter from DCLG to councils*, 23/11/07).

Less accountability

Individual tenants and tenants associations can lobby our local ward councillors and, if we don't like the way they run our homes, vote them out. This direct democratic relationship is lost if we are privatised. Housing associations are run by a board of directors who are legally accountable to the company. Having tenant Board Members is a con. "At the time of transfer, tenants are often led to believe that they will have an explicit role in representing the interests of their fellow tenants on the board. This is not compatible with the accepted principle that as board members they have to work for the principles of the organisation" (*'Housing: Improving services through residential involvement'*, Audit Commission, June 2004)

Risk

Housing Associations are huge, impersonal businesses who are increasingly diversifying into non-social-housing activities. Private landlords want to get their hands on the land our estates are built on. Transfer is a one-way ticket. One fifth of transfer associations get into difficulty (*Society Guardian*, 25/05/05). If things go wrong, there is no return.



Tenants, trade unionists, councillors and Sian James MP are now demanding direct investment after No vote in Swansea

ALMO: TWO-STAGE PRIVATISATION

ALMOs (Arms Length Management Organisations) are a two-stage strategy for privatisation. The government really wants to sell-off our homes but they know that in many areas there would be massive opposition from tenants.

Setting up a private company makes it much easier to get privatisation through at a later date. ALMOs get their own corporate branding and put as much distance between themselves and the council as possible.

They claim that services improve by separating strategic functions from housing management. There is no evidence to support this.

ALMOs also claim that tenants will be 'empowered'. But tenants have no more say in ALMOs than they do in housing associations (see above).

"The Committee agrees with those stakeholders who argue that Local Authorities hold the potential to manage housing stock just as effectively as RSLs, ALMOs or PFI schemes." (*ODPM Select Committee Report on Decent Homes*, 7 May 2004)

The big bribe is extra government money. But the ALMO money is public money – it's 'on balance sheet' in Treasury terminology. The obvious question is: if the government has extra money to improve our homes, why not give it to local authorities direct – unless, of course, the real agenda is privatisation?



Tenants campaigning against the ALMO

THE CASE AGAINST PFI

PFI's record is appalling. It is expensive, risky, and unaccountable. It hands over control to a private consortium to make a profit out of our estates for 30 years. The poor record of schemes (which are extremely complicated and take many years to set up) has led even the government to admit that PFI to improve housing is not a good solution.

Tenants will have to pay the higher cost of PFI. Contracts are negotiated behind closed doors so there is no accountability. And, as the general record of PFI has shown, there is a real danger that schemes will go pear-shaped. If the PFI consortium goes broke or decides to pull out because its profit isn't high enough (it happens all the time) our estates will be left in crisis.

If your council is proposing transfer, PFI or ALMO: organise an effective campaign

STANDING UP TO THE COUNCIL can seem a bit daunting at first but don't be put off. There's lots of experience and people who can help you organise a campaign in your area.

Once you get out on the estates you will find that most tenants are instinctively wary of council glossy PR campaigns and know that

privatisation has been a disaster in other public services.

The key is to produce good local material that takes up the general arguments and counters the council's case for privatisation. Contact DCH and check examples of local leaflets on the campaign website. Challenge the council's arguments (councils often hide or

distort important financial information to support their claim there is no alternative).

Make the campaign as broad as possible – involve tenants, unions, councillors and other organisations in your area. And make sure that you look like you are serious about winning. If other tenants think you are just protesting you won't be

taken seriously.

Getting out on the estates and going door to door is essential but there are lots of additional ways to get your message across. Hold public meetings in local halls and invite national as well as local speakers. Leafleting parents outside primary schools is a good way to talk to tenants and find

volunteers to help on their estates. Cover churches, mosques, bingo halls and community centres too.

Send letters to the local papers and brief journalists to run regular reports. And in the run up to the ballot use car loudspeakers and tour estates to get your message across.

“In April Swansea tenants voted almost 3:1 against privatisation. The government could easily provide the same level of debt write-off and gap funding that was available for the transfer, along with ringfencing all the rental income and right to buy receipts, to the council direct. That would fund an investment program to bring Swansea Council homes up to the Welsh Housing Standard. I hope political representatives from all parties will now join with tenants throughout Wales and take this opportunity to lobby the Westminster government to secure a level playing field for council housing.” **Paul Lynch, Swansea DCH**

GET YOUR MP TO BACK THESE CHANGES

Get tenants, trade unionists and councillors to support these principles and lobby their MPs to back amendments tabled to the bill (see page 3).

Means-testing, profit and deregulation
Prevent stigmatisation and maintain universal access by removing the means test eligibility element to 'low cost rented housing'.

Delete clauses which exempt profit-making companies from the various regulatory protections for tenants and taxpayers.

Keep key political decisions such as allocating accommodation, terms of tenancies and levels of rent with elected politicians.

Require that tenants receive financial support for genuinely independent tenants organisation for the purposes of holding their landlord to account, and improving their housing services, conditions and amenities.

Funding existing council housing
Require that local authorities retain all rental income and capital receipts from council housing to be specifically used to manage, maintain, improve existing or build new council homes. Any surplus to be pooled centrally to be redistributed to authorities bidding for extra funding.

Require the Secretary of State to fund local authority housing Management & Maintenance Allowances at 100% of need (as defined by the Building Research Establishment, Estimation of the need to spend on maintenance and management in the Local Authority housing stock, June 2003).

Require the Treasury to take over historic debt where tenants have expressed a clear choice to remain with the council to provide a 'level playing field' with the debt write-off on offer when homes are privatised by stock transfer.

Require that councils considering opting out of the national HRA are able to demonstrate that their HRA balance sheet is positive over the 30 years business plan.

Building New Council Housing
Prevent discrimination against local authorities by ensuring that receipt of Social Housing Grant is not conditional on setting up arms-length companies.

Ensure that all new homes – including those built by ALMOs and SPVs – give tenants 'secure' tenancies.

Homes and Communities Agency
Require that full consultation takes place with tenants when allocating Decent Homes funding and that tenants' choice to remain with the council is respected and retaining authorities are not discriminated against financially.



We're coming to Parliament – see you there!

Democracy: A fair and balanced debate

Require that the principles of a fair and balanced debate as defined by the House of Commons Council Housing Group are applied when landlords consult their tenants. This should include resources to ensure that both sides of the argument are clearly put with a ballot of every tenant at the end of the consultation run to a pre-defined timescale with clear start and end dates.

Provide safeguards to prevent predatory landlords from exploiting the proposed new right of tenants to demand a ballot to ensure that this right is only exercised where there is a genuine demand from a majority of tenants and not instigated by outside parties.

Ask your MP to sign Austin Mitchell's new early day motion in Parliament

EDM 368 'Investment in Council Housing'

"That this House welcomes the Government's new commitment to tackle housing needs; believes that this must include a first-class council housing sector providing secure tenancies, with lower rents and charges and a landlord whom tenants can hold to account as an alternative to ownership and the private housing market and that to achieve this Government must introduce changes to local authority housing finance to enable all local authorities to bring their existing homes up to modern standards, start a new council house building



Austin Mitchell MP

programme and maintain existing and new council housing as first-class housing in years to come; and actively opposes both the stigmatisation of council housing as housing of last resort and proposals to means test or time limit secure tenancies so that local authorities can respect the choice of existing tenants who want to keep the council as their landlord and get their homes and estates improved, house the wide range of people on council housing waiting lists and so return council estates to the mixed communities they were before shortage distorted allocations policies and concentrated deprivation."

WHAT YOU CAN DO

- Co-ordinate a joint submission of evidence to the MPs enquiry from local tenants, trade unionists and councillors
- Come to Parliament on January 22
- Ask your MP to sign EDM 368, meet you at Parliament on January 22 and join the

- Commons Council Housing group
- Oppose any proposals to privatise council housing in your area – contact the campaign for advice and support
- Pass the DCH model motion and adopt the campaign's five demands for 'Fourth

- Option' (see front page)
- Get your organisation to affiliate and donate to DCH and distribute campaign material as widely as possible
- Order more copies of this broadsheet and distribute to tenants, trade unions and councillors in your area

THE CASE FOR COUNCIL HOUSING IN 21ST CENTURY BRITAIN



'The Case for Council Housing in 21st Century Britain'

DCH has produced a 98 page pamphlet bringing together 31 articles from leading tenant activists, MPs, trade unionists, councillors and academics. The pamphlet sets out the case for investing to improve existing and build new council homes.

Individual copies £10 / £2.50 for tenants. Bulk order copies at £2.50 for tenants reps, trade unionists and councillors in your area.