Defend Council Housing

October 2009

Response to consultation on Reform proposals for Council Housing Finance

Finance reforms must END THE ROBBERY – INVEST IN COUNCIL HOUSING

INSIDE:

Reforms must include:

1. an immediate moratorium on all stock transfers, options appraisals and demolition or selling off vacant council homes driven by funding need;
2. Fully funding allowances at level of need, to ensure every council home and estate is improved and permanently maintained at a decent standard;
3. Guaranteed capital funding to meet all the improvement backlog
4. Increased allowances and capital funding in the 2009 Autumn spending plans;
5. Write off debt from councils to remove the rent robbery – any debt re-distribution must reduce not increase the current £18 billion total;
6. Fund a mass programme of first class council house building;
7. Protect our affordable, secure, accountable council housing: a reformed national HRA is best for tenants.

Introduction

Together our alliance of tenants, trade unions, councillors and MPs have pushed direct investment in council housing (the 'Fourth Option') to the top of the political agenda.

"The purpose of the review is to ensure that we have a sustainable, long term system for financing council housing." Housing Minister Yvette Cooper launching HRA Subsidy Review, 12th December 2007

There is strong support for council housing across Britain today. Over 2 million council tenants have rejected privatisation. The Local Government Association predicts that the waiting list will soon reach 5 million people as the private housing market fails miserably to deliver the homes people need.

For years successive governments have discriminated against council housing, effectively disinvesting by robbing more money from rents and capital receipts than they put back in; blackmailing tenants to accept privatisation and offering huge subsidies to stock transfer while denying council housing a 'level playing field' by refusing those same subsidies. This Robbery denies us the money that belongs to council housing. It has caused massive disrepair and poor services, and the loss of secure homes for rent. Scarce council homes have been denied to all but the most desperately needy, destroying formerly mixed and sustainable communities.

In December 2007 the government announced a Review of Council Housing Finance and Defend Council Housing welcomed the commitment to "ensure that we have a sustainable, long term system for financing council housing".

The Review is a direct result of the campaign in support of the 'Fourth Option'. Privatisation and Ministers' dogmatic discrimination against council housing is deeply unpopular among council tenants and their own supporters.

In July 2009 the Review reported, and the Housing Minister produced proposals for reform. The question is do these deliver a long-term sustainable financial future, as promised. The proposals would increase resources for council housing and reduce the amount of robbery the government would otherwise take from council housing over the next 30 years. There are other concessions to some of our long-standing demands. But these will be of little value without adequate funding and addressing the debt burden.

We have fought a long battle around three key demands for council housing: Stop Privatisation, Improve Existing, Build New. At last the government are to stop pouring public money into subsidies for stock transfer, as we demanded. This money must be reinvested in council housing – every council must have enough funding to bring all homes and estates to a decent standard, and maintain them. Without this, the threat of privatisation and sell-offs will remain.

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Respond to the consultation by 27 October

Email: councilhousingfinance@communities.gsi.gov.uk Or by post to: Review of Council Housing Finance, CLG, Zone 1/J9, Eland House, Bressenden Place, London SW1E 5DU

Fully fund allowances

Government robs money from council housing in two ways.

Firstly it takes more in rents than it returns in allowances to local authorities to manage, maintain (M&M) and carry out major repairs (MRA) to our homes. Nationally, this means the government will rob tenants to the tune of £1.7 billion this year, and it's increasing (Figures from DCLG subsidy determination 2009/2010).

Secondly, government takes 75% of the capital receipt from 'right to buy' sales; and makes councils bear the cost of the right-to-buy discount. Housing associations don't bear these costs. Research for the MPs report *Council Housing: Time to Invest* shows that £68 billion has been robbed from council housing in this way since 1979.

And on top of the money to fund historic debt (which tenants should not have to pay (see box opposite) government profits outright, currently by around £200 million a year, and if nothing changes this will rise to over a £billion a year, as the graph below shows. Everyone agrees this is wrong.

Government's reform proposals would put more of our rents back into council housing – but not enough even based on their evidence. The proposals would increase management and maintenance allowances by 5% and major repairs by an average 24%. But their own evidence published with the consultation suggests that 5% and 24% are far too low (see pages 4 and 5).

On major repairs, the government suggest additional capital grants to meet backlog of approximately £7 billion or another 19% – without detail of where and when these will be paid. Funding or allowances to meet the investment backlog must be included in any funding settlement, to stop the sell offs and partial privatisation being forced through to finance improvement works. On M&M, there are no concrete suggestions on how or when they will act to stop tenants' rents being used to fund other services. Government should publish the research, and any recommendations of the review on the ring-fence and initiate necessary steps to tighten local and national ring fencing of the money that belongs to council housing.

Tenants shouldn't carry the burden of historic debt

Government argues that some 'robbery' from tenants' rents goes to support historic borrowing for building and capital maintenance of council housing. Supporting debt charges currently amount to nearly £1.2 billion a year. A large proportion of the £19 billion total debt is actually new debt finance for the ALMOs. Despite its claims, Government put no new money into ALMOs; rather council tenants collectively pay from their rents for ALMOs and PFI. Government writing off Councils' HRA debt would free up £1.2 billion a year towards fully-funding allowances.

There is no justification for tenants being forced to finance all historic housing debt. The arguments are set out in detail in the House of Commons Council Housing Group report *Council Housing: Time to Invest* (September 09):

1. For decades council tenants have paid more to Government than is spent on the upkeep of council homes. New research for the MPs group shows past robbery by Government from rents and right-to-buy sales is £68 billion – more than enough to pay off the debt and meet the investment backlog.

2. Government takes over any outstanding debt (and pays gap funding) when councils stock transfer their homes. Government has been prepared to dig deep to subsidise privatisation: over £6.5 billion has been spent subsidising transfer since 1988. They must respect the choice of tenants who choose to stay with the local authority by offering a level playing field on debt write-off.

3. Council tenants neither own the asset nor control capital receipts from the sale of council housing. Like hospitals and schools it belongs to the public. Tenants do not have a financial 'interest' in the asset and should not carry the burden of servicing the debt.

4. Government does not attempt to recover public subsidy on housing from other tenures. As Professor Hills' report shows, home-ownership is the most heavily subsidised form of housing in England (Ends and Means, LSE, Feb 2007). There is no proposal to recover Social Housing Grant and other funding to Housing Associations or other landlords. The majority of the funding for housing in this year's budget went to subsidise private developers. Why are only council tenants expected to pay back the Treasury?

Drop the Debt – End the Robbery

The £18 billion of historic debt which tenants have been paying for years should be written off by government, as the MPs report sets out. This millstone of historic debt means councils do not have enough money to sustainably manage and maintain homes and estates over 30 years.

Councils also support this demand:

"The LGA has lobbied the government hard about the lack of funding available for the building, repair and maintenance of council housing.… We continue to call for…historic 'notional debt' – which councils are currently spending £1.3 billion a year servicing – to be cancelled" (Local Government Association, Briefing, 29 June 2009)

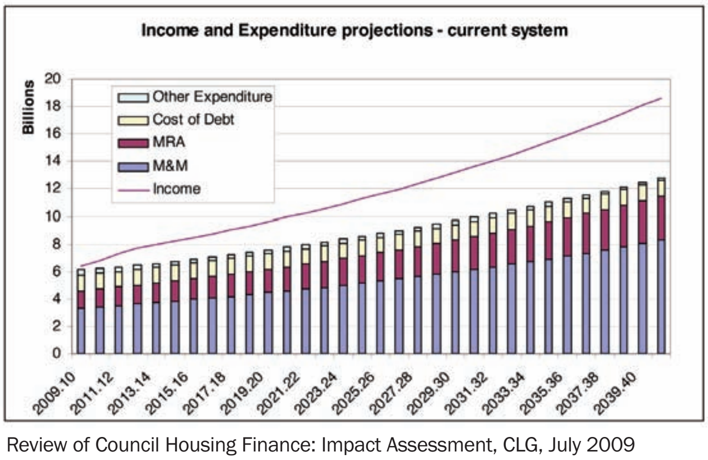
"More than 30 councils have urged the government to write off housing debt as part of reform of the council housing finance system. At a meeting on Friday, the authorities said it was 'unfair and unsustainable' to redistribute housing revenue account debt across all the councils that own housing, including those that are currently debt-free. …The meeting was organised by the Campaign for Fair and Local Housing Finance, and held in Waverley."(Inside Housing, 06/10/09)

Government 'self-financing' proposals mean councils leaving the national system with a one-off settlement: either a payment from government to reduce their current debt, or a payment to government and taking on or increasing the current debt.

Self-financing is risky for tenants and workforce; and the higher the opening debt, the greater the risk. The value of each council's opening debt will be based on rents and costs over 30 years. Previously, in a stock transfer valuation it was based on the actual costs needed. But current proposals use a costs formula based on existing allowances plus only 5% for M&M and 24% for MRA. The higher the amount allowed for management, maintenance and major repairs, the lower the opening debt would be. If 5% and 24% are too low, councils will not afford an opening debt based on that formula.

As things are the government will take £30 billion in rent robbery over the next 30 years – more than the £19 billion it would cost to write off debt. It is now clear, as the Chartered Institute of Housing shows in their report *HRA Reform: The really big issues*, that the proposed settlement would actually add around >>>

30-year robbery: how rents ('income') rise above allowances



Review of Council Housing Finance: Impact Assessment, CLG, July 2009

>>> £7 billion to overall debt, raising this to £25 billion. If we accept a settlement of only 5% and 24% based on self-financing, then the government would profiteer out of tenants' rents, as a price of councils buying their way out of the system. This is outrageous.

The burden debt places on our rents is what makes council housing finances unsustainable in the long-term. We expect that burden to be removed, so homes and estates can be maintained at decent levels. This would be a true 'level playing field' with the deal for transfer in the past (when debt write-off and gap funding were poured in to subsidise privatisation).

Tenants will not accept a settlement which perpetuates the principle of rent robbery by increasing the £18 billion total debt. Nor will we accept a proposal which reduces the debt burden overall but leaves individual councils with unsustainable levels of debt.

Self-Financing is Risky

One option in the government reform proposals is to raise allowances by 5% (management and maintenance) and an average 24% (major repairs) within the present national system.

The government's preferred option is to break up the national Housing Revenue Account and get councils to 'opt out' and become 'self-financing'. Self-financing means risk for councils and tenants (see box right).

Self-financing supporters want the benefits of a 30 year business plan based on long term funding assumptions like other landlords, including new homes, better planning and more local accountability. But these relate to increased resources and/or more stability. It is not necessary to 'opt out' of the HRA to achieve these benefits; increased resources and more stability can be delivered within the existing pooled regime.

The government proposals suggest a public-sector safety net for councils which fail after self-financing (sections 4.37 – 4.42). But even with guarantees and safeguards the present proposal would not justify the risks of self-financing. The lower the settlement offered, the higher the opening debt – and the greater the risk. A reformed national system would be much safer – an uplift of 5% and 24% in the allowances, though not enough, would make a big difference, and we would be able to fight on for more. A reformed national system is our preferred option.

Gap Funding for Backlog

Alongside inadequate allowances, there is a huge backlog of improvement works due to ongoing disinvestment. As the MPs report points out: "Somewhere between £12 billion and £2.4 billion then is the cost of carrying out the backlog of work to reverse decades of disinvestment, robbery and neglect."

It is welcome that the government finally acknowledges the existence of this backlog, a result of underfunding and of deliberately withholding money where tenants have rejected privatisation. The Reform recommendations put a figure of around £7 billion on the backlog (£6 billion of time-expired elements and "between £1,400m to £2,900m" backlog of decent homes work), and they promise:

"Backlogs will be dealt with by capital grant programmes, and a continuing need for capital grant is acknowledged to do this."

If backlog work is to be done through capital grants these must be agreed up-front. Instead of offering a 43% uplift on major repairs, part of this money to cover the backlog of work needed, will be in the form of capital grants with no details of who will receive these grants, when or on what basis. If councils have to bid on a competitive basis after the self-financing settlements are agreed, it will be impossible to work out how much they have to spend over 30 years. Resources to carry out the improvements backlog must be confirmed, and at least the first tranche delivered before the self-financing settlement is agreed. Otherwise government could later decide to divert the £7 billion grant money to something else – as it is has just done with the money promised for ALMOs.

Level playing field, new build and moratorium

It is welcome that government talks explicitly about a 'level playing field':

"Self-financing would create a level playing field between transfer and retention in terms of public funding support. The valuation of a transfer proposal should follow the same principles that apply in valuing the stock and setting standards in a self-financing settlement." CLG Reform of council housing finance para 4.60

At last the government are to stop pouring public money into subsidies for stock transfer, as we demanded. Most commentators believe this will effectively put an end to large-scale transfer. But every council must have enough funding to bring all homes and estates to a decent standard, and maintain them. page 6 >>>

The Case Against Self-Financing

There are plenty of disadvantages for councils opting out.

Firstly, the reform proposals are themselves evidence that together council tenants are a powerful national force. Self-financing would further fragment a national council housing sector and undermine national organisation of tenants and the workforce, making it easier to bully and blackmail tenants and staff, and harder to resist market rents and attacks on 'secure' tenancies. Councils would be encouraged to drive down costs by undermining employment rights, pay and conditions.

Tenants are suspicious that self-financing will weaken our ability to fight uncontrolled rent rises, capping housing benefit, and councils raiding our rents for non-housing services. Self-financing, with its emphasis on 'localism' fits neatly into a wider agenda such as this:

"Leaked minutes of a meeting of senior Tories reveal they want to hit council tenants with bigger bills, to "eliminate" housing benefit and finally scrap all long-term rental tenancies." (Daily Mirror, 07/09/09)

Secondly, with self-financing the local authority – and so ultimately council tenants – would be exposed to far greater financial risks. These include changes in interest rates, building cost and pay inflation, right-to-buy levels, and unforeseen circumstances. To understand the kind of risk government wants to expose council tenants to you only have to look at the Registered Social Landlord sector. One-fifth of transfer associations got into trouble despite massive subsidies when they are set up (The Guardian, 25/05/05).

If a local authority gets into financial trouble after self-financing and its business plan goes pearshaped, where does that leave tenants? There may be no more large-scale voluntary transfer – but that would not mean the end of privatisation. Councils in financial trouble could still look to partial transfer, PFI schemes, demolition – and the selling off of vacant properties on the private market.

The Risks of Self-Financing

Risk	Impact	
Interest rates higher than expected	Additional borrowing becomes more expensive	Borrowing becomes less affordable, tending to reduce borrowing levels
General inflation lower than expected	Burden of opening debt higher than expected	Could be countered by above inflation rent rises or efficiencies
Cost inflation higher than expected	Adverse effect on business plan viability	Service cuts or efficiency savings
Receipts from RTB sales higher or lower than expected		

'Self-financing of council housing services: Summary of findings of a modelling exercise' (Department of Communities and Local Government, March 2008

Proposals fall short

Tenants, councils, MPs and housing professionals have been saying for years that allowances for the management and maintenance (M&M) and major repair (MRA) of council housing are underfunded. The reform proposals are inadequate against every calculation, including the government's own reseach carried out in the review.

"We believe the government should take a further look at factoring in a greater (10%) uplift for services to bring council housing funding in line with housing associations... CIH supports a significant uplift in funding for future major repairs at the full level identified by BRE, a minimum of 43%." (HRA Reform: the really big issues, Chartered Institute of Housing, Sep 09)

"Moonlight Robbery believes that the lowest reasonable MRA increase is 70%. This would be on the strict understanding that major repairs backlogs and statutory compliance costs will be covered by a separate capital programme... The Review carried out no new research on the need to spend on management and maintenance (M&M). It just looked at current spending... Uprating figures from the most recent available (2002) research commissioned by Government on the 'need to spend', M&MA need to go up by 40%. Unless and until that research is authoritatively revised, this remains the target. " (Moonlight Robbery campaign, response to the Reform proposals, October 2009)

In stock transfers, 30-year business plans have always been drawn up based on the actual costs identified in a stock condition survey. If this approach was used, councils would receive enough money in the settlement to do all the work needed.

But the government rejected this approach and intends to calculate the settlement based on a national formula. A national formula would not be a problem if it took all the evidence of need into account. As the Moonlight Robbery campaign point out, the research was not commissioned to look at projections of need. The MPs report *Council Housing: Time to Invest* presents the findings of the MPs inquiry which did look at council's own projections – and recommends an uplift in the region of 70%.

However, government proposals fall short even against their own inadequate research.

Major Repairs Allowance (MRA)

The government's own research (Review of the major repairs allowance, CLG July 2009) says that the MRA should in fact increase by 54%; but the government only proposes an increase of 24%.

The research slammed existing allowances for being far too low and called for them to be increased (see box). It then adds up all the things which were missed out of the MRA, and concludes: "The final figure of £1,032 per dwelling is 54 per cent higher than the current average allocation of £668." This is made up of newly arising need; a backlog of £6.5 billion overall; and 'statutory compliance' which includes essential works like removing asbestos, disabled adaptations and complying with health and safety regulations, none currently in the MRA (£5 billion overall).

The government's proposals ignore most of this and offer just 24% for MRA.

Management and Maintenance (M&M)

The research divided management and maintenance into 'core' services like rent collection and day-to-day repairs; 'core-plus' services like anti-social behaviour; and 'non-core' services which should be met by council-tax payers from the general fund. The research estimated that as much as 40% of current spending could be going on 'non-core' and 'core-plus' services. In particular there has been no allowance in M&M for environmental maintenance, or for the extra costs which often fall on tenants because leaseholder service charges do not include the full cost of services.

The Chartered Institute of Housing estimates that including these 'core-plus' services the uplift should be 10% in total (HRA Reform: the really big issues); however the government has ignored most of the evidence and only proposes an inadequate 5% uplift in M&M to provide for core services alone.

How the government proposals stack up – major repairs
(£ per home per year)

	Existing MRA allowance	Government research recommends:	Government offer:
Newly arising need		£825 (24%)	£825 (24%)
Backlog		£116 (19%)	May be able to apply for grants
Health and safety works		£91 (11%)	None
TOTAL	£668	£1,032 (54%)	£825 24% uplift

"there was no provision for works to mains drainage"

"We have always been concerned that the MRA seriously underestimates the amount of money that needs to be spent on shared facilities and common areas..."

How the government proposals stack up – Management and Maintenance

	Government research recommends:	Government offer:
Core services	5%	5%
Environmental maintenance / 'core-plus' services	Unspecified amount – needs more research	Ignores this altogether
Residual leasehold management	Unspecified amount – needs more reseach	Ignores this altogether
'Non-core' services	Should be funded by the general fund not tenants rents	No concrete details
TOTAL	10%	5%

Government's own research proves existing allowances seriously underfunded

"A serious omission in the current MRA model for common areas is any provision for major overhaul or replacement of lifts..."

"The assumptions for internal fabric are similarly flawed.... Because of the age of the data and the poor response rate to the survey and questions around the reliability of the information..."

"the MRA makes no provision for disabled adaptations"

"allowances need to be uprated to reflect building costs which normally run well ahead of general inflation"

"the current allocation is based on data from... 1996...the stock has changed significantly over the past 10 years in terms of the facilities present that will require periodic replacement; in particular the increase in the number of central heating and storage heating systems, controlled entry and private plots to flats..."

Quotations are from Review of the major repairs allowance, CLG July 2009 (government research on commissioned from the Building Research Establishment as part of the review)

What Councils say

"The proposed changes promise to deliver radical reform, giving councils freedom to manage their housing assets in the interest of their tenants and invest in much-needed social housing. In practise, the reform will fail to deliver unless the government resolves the debt issue.... We are therefore rejecting the proposal by central government and are pushing, with Waverley District Council and many other housing authorities, for the government to write off the debt entirely as this is the only practical and fair solution for the council as landlord and more importantly for our tenants." (Cllr. David Bill, Leader, **Hinckley & Bosworth** council, 21/08/09)

"If councils are to be freed from the housing subsidy system it is vital that the future investment needs for each authority are drawn from an independently produced stock condition survey and that the opening debt for each authority is based on being able to deliver the level of investment indicated ...That has been the 'rule' for transfers historically and why should it change now, effectively promising a long-term way forward but inhibiting it from the outset by failing to ensure sufficient resources to realise the primary objective for some or many... [The proposals are] contrary to the Government aims of place making which would require self financing housing accounts to be funded to at least the level previously allowed for in traditional stock transfers." (**Bolton** council, Report to Executive, 29/09/09)

"The current proposals, if implemented unamended... would have an annual revenue consequence of at least £600,000. Clearly this is unacceptable....the costs associated with management and maintenance together with Major Repairs Allowance need to be increased... The areas of concern that will need to be satisfied are: (i) That the debt associated with self-financing is no more than would have been the case if stock transfer was the preferred route... this would allow tenants to benefit from the new system in a similar way to the benefits that stock transfer would have brought... If the Government were not prepared to amend this aspect the Council would need to oppose the self-financing model and request that the improvements to a national system be implemented....if the concerns cannot be negotiated then we should oppose the new system and force the Government to legislate." (**West Lancashire** council, Report to Cabinet, 15/09/09)

"In June 2009 the Housing Minister, John Healey announced the findings of the Housing Revenue Account Review. A consultation paper was issued on 21st July 2009 and Members noted the main proposals, all of which were less advantageous than the current terms of stock transfer. Members were therefore asked to confirm stock transfer as their preferred investment option..." (**Stockton** council, Cabinet Decision, 14th September 2009)

"If the capital grant mechanism is used, then it is important that this is by way of an allocation rather than on a claims only basis...Capital grants would help with the backlog but it is also important that future maintenance is reflected in maintenance allowances and the Major Repairs Allowance...assurances would be required from the government that current funding levels would be maintained and enhanced in respect of the identified shortfalls or the whole operation of the HRA and the significance of the business plan could be undermined." (**Broxtowe** Cabinet agenda 13 October 2009)

"We feel strongly that further work is required to determine the investment need at a local level... in all probability... all Local Authorities interest rates will be different and therefore the costs of £100m debt in one in LA will be different to £100 debt in another. The cost of financing new HRA debt (interest, principal etc.) will need to be estimated for 30 years based on what interest rate, an assumed level of CRI? This places the risk of fluctuating interest rates firmly within the HRA." (**Sheffield** Cabinet agenda 14 October 2009)

>>> from page 3 Without this, the threat of privatisation and sell-offs will remain.

Recent rule changes making it easier for councils to build, and new funding for 3000 new council homes, are welcome. The government are now proposing to allow councils to keep all right-to-buy receipts in future; and all rents from new-build homes. Our campaign has also won the right for councils to apply for Social Housing Grant – previously only available to housing associations and private developers.

In the budget this April the government announced funding for 900 new homes. They increased this to 3,000 in July – though controversially taking money away from the Decent Homes programme to do it! It's a major change in policy for a government which in the year 2000 aimed to get rid of all council housing within 10 years.

But 3,000 homes is nowhere near enough. The private sector – even before the credit crunch – failed to provide the homes people need at a price they can afford.

"The policy pursued by successive governments that social housing should be provided by housing associations and that local authorities should be compelled to divest themselves of their housing stock … has been an unmitigated failure and has continually failed to provide sufficient social housing units to meet demand." (Motion passed by TUC Congress September 2009)

We need a massive programme of investment in housing for the nearly 5 million on waiting lists, the overcrowded and the stuck. It's essential these homes have secure tenancies, low rents and an accountable landlord. Council tenants have fought to defend decent, affordable secure and accountable council housing because the alternative 'social' and 'affordable' housing is less secure, more expensive and totally unaccountable.

A new generation of first class council homes built using best design and materials with good facilities, is the only way to resolve the massive housing crisis and prevent market madness dragging Britain's economy into ruins. The MPs report sets out a detailed case for a million new council homes to resolve the housing crisis, create jobs, and help the economy.

The scandal of selling off council homes on the private market as they become empty must stop. Councils such as Camden, Lambeth, Brighton and others are selling off or market renting homes to find money to make homes decent. This is crazy. Unless the problem of inadequate resources for existing homes is addressed, more council homes will be lost in this way than are now being built!

That's why Defend Council Housing is demanding an immediate moratorium on all stock transfers, options appraisals – and the demolition and selling off vacant council homes driven by funding need. It makes no sense for councils to continue expensive and wasteful privatisation and PFI schemes when funding for improvements and new build is available or pending. And government must not use these schemes as an excuse to underfund the settlement being offered.

Conclusion

In face of council tenants' determined opposition to privatisation, and the housing market crisis, Government has now recognised the need for investment in existing and new council housing.

Over 2 million council tenants in more than 220 authorities (across the UK) – including the 'retained' authorities and those with ALMOs – need a settlement to the long running dispute over the 'Fourth Option'. The majority of councils in Wales and in Scotland are retaining their homes and need the same principles applied too.

The alternative is an ongoing war between government, councils and tenants. Tenants will face more bullying and blackmail from councils, and the housing stock which is a public asset will be left to decay. In the government's own words:

"If nothing were done to change the system… There would be insufficient funding to maintain homes to a decent standard. Homes would gradually fall into a state of disrepair, meaning either the standard of living would deteriorate considerably with subsequent knock-on effects, or there would need to be a very large capital investment in the future much like the recent decent homes programme to bring the homes back up to a habitable standard." (Review of Council Housing Finance: Impact Assessment, CLG, July 2009)

The demands that all the money that belongs to council housing be ring-fenced nationally and reinvested and for a 'level playing field' are just and make both political and economic sense.

Ministers continually say they are in favour of tenants choice. Many council tenants have exercised our choice and chosen to stay with the council. We should not now be penalised and expected to put up with a settlement which is less than the government was prepared to offer to subsidise transfer.

Government now has the biggest opportunity for decades to transform tenants' lives. Council housing can once again be sustainable and a tenure of choice providing first class, secure housing, managed by an accountable landlord at rents people can afford for existing tenants and future generations.

It is time that government dropped the dogma, respected tenants choice and the strong case for direct investment in council housing. This review gives them the opportunity...

It would be grossly irresponsible for any authority to now recommend privatisation to tenants on the grounds of insufficient funds when government has pledged to "ensure that we have a sustainable, long term system for financing council housing".

Where a local authority refuses to put their plans on hold, the business plan and 'offer document' must be challenged to ensure that they have factored in the outcome of these proposals. If they don't the council could be acting illegally.

To ensure the 'sustainable long term system for financing council housing' that Ministers promised out of their Review any Reforms must include:

1. An immediate moratorium on all stock transfers, options appraisals – and the demolition and selling off vacant council homes driven by funding need;
2. Fully funding allowances at level of need, to ensure every council home and estate is improved and permanently maintained at a decent standard;
3. Guaranteed capital funding to meet all the improvement backlog;
4. An increase in allowances, and capital grants, to be included in the 2009 Autumn spending plans to show good faith;
5. Write off debt from councils to remove the rent robbery;
6. Fund a mass programme of first class council house building;
7. Protect our affordable, secure, accountable council housing – a reformed national HRA is best for tenants

Next steps for campaign

Our campaign must be united. Council tenants will suffer if we let government divide us: we demand a settlement that ensures that every council can deliver and maintain decent homes and estates.

There is not enough detail in the proposals on how much each council will get in increased allowances. The research on MRA makes it clear 24% is just an average, with some authorities possibly receiving more – some less. Councils and tenants need an outline of the whole funding deal, including allowances, >>>

funding for decent homes and other backlog, and whether this meets level of need. Government must set out the detail for everyone to see.

The government say more detail will be available in March/April 2010. So tenants, councils, MPs and other supporters of council housing have until then to put on pressure for our demands. In Wales and Scotland people need to be asking when tenants there are going to see the increase in resources which the government has acknowledged councils in England need. Get MPs, MSPs, AMs and councillors asking questions.

Tenants must be able to play an active part in this debate. It's the future of our homes that is at stake! It's important that tenants have the same access to papers, reports and debate as elected politicians and housing professionals.

Distributing material from Defend Council Housing and the House of Commons Council Housing Group ensures tenants hear both sides of the argument. This response to the reform proposals and the House of Commons Council Housing Group's Council Housing: Time to Invest is recommended reading.

Encourage tenants' organisations and others to affiliate to DCH and subscribe to postal and email briefings (see back page) and make sure that tenants in your area have the resources to take part in DCH meeting/events if they choose to do so.

See www.defendcouncilhousing.org.uk for an extensive press archive, national and local publications and key reports and submissions. ■

MPs report sets out the case for investment

"Decent homes and decent jobs – this is the challenge that Defend Council Housing, the TUC, and the MPs who have worked hard to produce this timely report all share... together we can succeed." (Frances O'Grady, Deputy General Secretary, TUC)

"The new MPs Report is a really valued contribution to the debate. We would not have the focus of government if it was not for the campaigning activity of DCH at Labour conference and the TUC, for the Fourth Option. We are winning, and that is much due to the work of DCH and the unions. This needs your practical support." (Gail Cartmail, Assistant General Secretary, UNITE)

"We believe that the current economic situation offers the opportunity to move the argument away from the panacea of home ownership, to a realistic appraisal of housing needs in the UK. Council housing must be top priority for the government." (UCATT)

"We must have a significant program of new build Council Housing and a re-invigoration of the current stock of homes and their surroundings. And this is not just necessary to kick-start our way out of recession. Society has to address the severe shortage of housing – with a queue of over 4 million people waiting for the 200,000 Council homes that become available each year the crisis is real and immediate." (Brian Strutton, National Secretary, GMB)

● The House of Commons Council Housing Group report Council Housing: Time to Invest is packed with evidence from the MPs' Inquiry on 25 February, in which 200 tenants, councillors, officers, academics and trade unionists took part. Order copies of the report from Austin Mitchell MP, House of Commons, London SW1A 0AA (£10 each; £5 for orders of 10 or more) or fill in the form on the back page.

A broad united campaign

"Our council would build houses if given permission to do so...income would have made a huge difference and even now would make it much more practical for councils to build new homes." (Cora Carter, Chair, Kirklees Federation of TRAs)

"We have got to maintain the alliance between unions and DCH and tenants, and push the government to go one step – or several steps – further. There is some hope but we need to not be complacent." (Heather Wakefield, National Local Government Officer, UNISON)

"Four recent major anti-transfer votes show that tenants in Scotland reject the policy of trying to get rid of council housing. Scottish Government research also shows that a majority of people in Scotland are in favour of increased investment in council housing." (John Carracher, Convenor, Scottish Tenants Organisation)

Tenants, trade unions, councillors and MPs say:

'FOURTH OPTION' for COUNCIL HOUSING

House of Commons Council Housing Group · Communication Workers Union · FBU · GMB Britain's General Union · PCS Public and Commercial Services Union · RMT · UCATT Building Together · UNISON · Unite the Union

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