

# DEAR GORDON



**Invest in  
decent, affordable,  
secure and accountable  
council housing**

**2** Dear Gordon

Get your MP to support Early Day Motion 136

## **FUNDING DECENT COUNCIL HOUSING**

“That this House welcomes the decision of Labour’s Party conference again, to call on Government to provide the fourth option of direct investment to council housing as a matter of urgency; notes the rising number of tenants’ ballots against stock transfer and the growing demands from tenants, councillors... and trade unions for a change in Government policy, the strong lobbying from local authorities anxious to retain their homes, as well as from many with arm’s length management organisations, or yet to decide; notes the criticism of existing policy from the Office of the Deputy Prime Minister Select Committee, the Audit Commission, the House of Commons Council Housing group and others; therefore suggests that direct investment in decent, affordable, secure and accountable council housing is now essential to provide housing needs for that rising proportion of people who are unable to get onto the ownership ladder because of escalating prices; and further suggests that an investment allowance funded through ring fencing all rents and capital receipts flowing to councils to supplement this by a level playing field on debt write-off and gap funding will enable local authorities to improve all council homes and start the necessary programme of building new council houses to meet housing need without major Government spending, thus ensuring respect for tenants’ choice, stimulating the economy, enabling democratically elected local authorities to get on with their job and allowing the Government to meet its 2005 election manifesto commitment to ensure that all social tenants benefit from a decent warm home with modern facilities by 2010.”

*More than 260 MPs have signed at least one EDM supporting the campaigns demands. Make sure your MP signs EDM 136 to demonstrate backbench support for council housing.*

***“By 2010 we will ensure that all social tenants benefit from a decent, warm home with modern facilities.” Labour Party Manifesto, May 2005***



“Local authority housing, having been starved of resources for two decades, should now be put on a level playing field with other housing tenures including owner occupation.” **Michael Meacher MP**

# Dear Gordon Brown

Investing in improving existing and building new council housing is an answer to the growing housing problems Britain faces. Three million tenants, the 1.6 million households on waiting lists, councillors and MPs, major trade unions and the TUC all agree on this and we are demanding you take action now.

This is an opportunity to guarantee a future for council housing and secure a legacy of decent, affordable, secure and accountable housing fit for the 21st century, meeting the needs of those who can't afford or don't want a mortgage.

Tenants reject privatisation of council housing and will oppose this locally and nationally whoever promotes it.

Instead of throwing money away to finance the loss of valuable public land, homes and assets, this is the time to invest in the future of council housing.

Overwhelming evidence supports us. The Public Accounts Select Committee found stock transfer bad value for money; the ODPM Select Committee described government policy as 'dogmatic' and called for a 'level playing field' and an 'investment allowance' (ODPM Select Committee Report on Decent Homes, May 2004); the Audit Commission described existing funding arrangements as 'perverse' and recommended that government 'review the council housing subsidy system', and negative subsidy (Audit Commission, Financing Council Housing, June 2005).

And let's face it the private sector (including so-called Registered Social Landlords) just can't deliver the solutions people need.

It's largely dogma that stands in the way: funding for ALMOs is 'on balance sheet' so why not give it to good performing councils direct and if you can write off debt when homes are transferred why not when tenants choose to keep the council as their landlord?

The alternative is clear – ring fence all the money belonging to council housing to finance an investment allowance, create a level playing field on debt write off and borrowing, meet and maintain a decent homes standard, and encourage best practice through a Continuous Improvement Task Force (see ).

It is time to turn a new page and ensure a future for quality council housing fit for the twenty first century.

**Yours sincerely,**

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



“Council housing is not just an ideological aspiration, it is a significant economic activity that adds to the national wealth” **Dave Prentis,**  
general secretary, **UNISON**

# Introduction

The battle over the future of council housing intensifies. Three million council tenants and 1.6 million households on council housing waiting lists continue to demand direct investment in council housing.

Investment to improve existing and build a new generation of council homes makes political and economic sense. We're facing a mounting housing crisis and the private sector (including so-called Registered Social Landlords) is miserably failing to satisfy need.

Tenants in a record number of areas voted NO to the sell off of their homes in 2006. Labour's conference voted in September 2006 for the third consecutive year, to demand the "Fourth Option" of direct investment for council housing as a matter of urgency".

124 local authorities across England, Scotland and Wales have decided to retain their homes. Tenants in eleven more voted NO to transfer in 2006 and will be expecting their councils to adopt retention too. More are expected to follow them. Together there are some 200 local authorities (including those with ALMOs, who will face the same HRA financial pressures once they have spent their additional Decent Homes money) with a common interest in securing the 'Fourth Option'.

And more than 260 MPs across all parties have signed at least one Early Day Motion backing the campaign's demands. The TUC and most trade unions support the campaign on behalf of millions of working people who need decent, affordable, secure and accountable council housing.

Ministers are isolated. Beyond the Cabinet and the narrow ranks of those who stand to gain from privatising council housing, there is little support for current government policy.

Millions cannot afford and many simply don't want a massive mortgage around their necks. Bad housing conditions cause ill health and reduce the educational chances of young people. Families in temporary accommodation, chronic overcrowding and others living on the streets represent a devastating rot in our society.

There is a high economic cost too. People are now paying a higher proportion of household income on housing than ever before and the Treasury Select Commit-



Investment to provide more 'secure tenancies' in first class council housing would offer greater security than the precarious position currently being faced by a growing number of mortgage payers." **Derek Simpson, General Secretary, Amicus**

tee believes rising housing costs are jeopardising the Chancellor's child poverty targets (The 2006 Pre-Budget Report Published, 25 January 2007). By forcing council rents up to higher RSL levels and encouraging separate service charges, government is pushing more working tenants into the poverty trap – and the Treasury picks up the bill. Instead of increasing the Housing Benefit budget it would make better economic sense to stop robbing council housing and leave rents at a level people can afford.

Instead, last autumn Secretary of State Ruth Kelly asked Professor John Hills to conduct a review into the 'role of social housing', amid an orchestra of calls for tenants' life-long secure tenancy to be scrapped. She has since asked Professor Martin Cave to recommend changes to 'housing regulation' – which could mean letting market forces in, removing rent controls and allowing RSLs to distribute profits.

On January 17th this year she announced the merger of the Housing Corporation and English Partnerships into a new super Communities England quango. Responsibility for delivering the government's 2005 manifesto commitment ("By 2010 we will ensure that all social tenants benefit from a decent, warm home with modern facilities") will transfer from her department to the quango – at arm's length!

In the background there is an ongoing discussion involving the Law Commission (and Council of Mortgage Lenders who are vigorously asserting their vested interests) about creating a single tenancy agreement and separate discussions about introducing a cap to Housing Benefit that could leave council tenants unable to afford their rent.

At Labour's 2006 conference Ruth Kelly resorted to scare tactics to try

### **Robbery Scandal**

One of the scandals of the existing council housing finance regime is that more than £1.5 billion is siphoned out of tenants rents each year (known as 'moonlight robbery') by government. Recently they have argued that this is to pay off historic debt (why should we do that when council housing is a public asset – like schools and hospitals – that we don't get to own at the end!). But Housing Minister Yvette Cooper stated "In 2000-01 the total debt was £17.6 billion. This has now fallen to an estimated £13.3 billion..." (Answer to Parliamentary Question 3469, 10 March 2006

But if the government has received £5.86 billion in transfer receipts and more than £45 billion in 'right to buy' receipts why hasn't the debt come down more? How can government justify continuing taking more than £1.5 billion a year from tenants when this money is needed to fund improvements and could be used by authorities as a revenue stream to support 'prudential borrowing' as allowed under the 2003 Act?



We are the frontline in terms of the fight against fascism...  
All roads lead back to more council housing units"

**Jon Cruddas, MP for Dagenham**

and justify opposition to the call for the 'Fourth Option' of direct investment in council housing as an alternative to the government's three privatisation options. Kelly told delegates it would cost £12 billion: 'If we were to spend an extra £12 billion of taxpayers' money in that way, I think we could see higher interest rates, higher inflation and get back to the days when we were playing with the stability of the economy.'

Austin Mitchell MP wrote asking the Minister to substantiate the £12 billion figure, and questioning how expenditure on housing could cause such difficulties when the government had announced £70 billion of extra defence expenditure that day without any such warning notes.

Housing Minister Yvette Cooper, replied:

"...The factors taken into account when estimating the £12 billion were: the extra average investment per dwelling required to give local authorities the same level of investment per dwelling as under stock transfer, and the number of local authority dwellings in 2004/5 that would need this extra investment." (Answer to Parliamentary Question 9052 05/06, November 7 2006)

DCLG officials admitted in December 2006 that no detailed costing had been carried out to support the £12 billion figure. The ODPM Housing

### What Ruth Kelly tries to ignore

- "Housing transfers are more expensive for the taxpayer than local authority repair and renovation. The Office estimated in 2001 that the additional cost of transfer was some £1,300 a home, spread over 30 years, or some £1.3 billion if a million homes were transferred. This figure may be an underestimate. The cost of future transfer programmes may be higher still'. (Public Accounts Select Committee, 'Improving Social Housing Through Transfer', March 2003);
- The cost of writing off councils' outstanding debt, early redemption payments on transfer and public subsidies for gap funding to make the new landlord's business plan viable – a conservative estimate puts this at £2.7 billion;
- The transfer price is calculated assuming only a 30 year lifetime of the asset. The new landlords' additional rental income is a cost of selling a public asset at knock down prices and should be included in any comparative calculation;
- The council 'gifting' public land, future receipts from 'right to buy' sales and income from commercial properties as part of the transfer should also be included in comparative costing;
- The total number of local authority homes has reduced by more than 258,322 through demolition, stock transfers and 'right to buy' since 2004/5;
- The extra burden on Housing Benefit of stock transfer tenants paying higher rents and service charges to RSL landlords;
- Valuable (and expensive) council and civil service time and other public resources invested in privatising council housing, that could be directed at improving the service to tenants;
- The hefty council (tenants and council tax payers) bill for all the glossy propaganda and other costs of failed transfers and ALMOs.



The Fourth Option represents the best option for current and future tenants." **Mark Serwotka**, general secretary, PCS

Green Paper in 2000 originally estimated a £19 billion backlog of repairs and improvements. Since then stock transfers, extra public subsidy for ALMOs and councils using existing resources have all significantly reduced the number of homes needing improvements.

Ministers are deliberately trying to confuse three things: RSL higher costs; the implications of agreeing the principles associated with the 'Fourth Option'; and the actual cost today of improving all remaining council homes.

We all know that RSLs have higher costs: higher rates of borrowing, the 'gold taps' effect, telephone number salaries, and so on. The fundamental principles of the 'Fourth Option' are 'reinvesting all the money that belongs to council housing' and 'level playing field on debt write-offs'. Rather than cost what RSLs spend, we need officials to calculate the funding gap between resources currently available to local authorities, and the actual cost to carry out improvements to all council homes. This figure then needs to be examined in relation to the substantial public cost of privati-

### **The Money's There...**

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

- Income received from stock transfers, though scandalously undervaluing council housing and land to give it away for next to nothing, has nonetheless produced £5.86 billion 'Total Transfer Price' which should be reinvested (UK Housing Review 2005/2006).
- "the abolition of mortgage interest tax relief (MITR)... has boosted tax receipts by £30 billion, plus a further £3 billion each year; 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; ... Stamp Duty on property sales... last year brought in £6.5 billion" (Joseph Rowntree Foundation 1 December 2005).

- £13 billion was taken out of council housing between 1990 and 2003 through the 'Daylight Robbery Tax'. That's almost 2/3rds of what was then needed to bring all council homes up to the Decent Homes standard.
- Council rents are set to rise via 'rent convergence' but Ministers say "There are no plans to ring-fence rental income within the national housing revenue account" (Housing Minister, Yvette Cooper, PQ answer 25 January 2006)
- Subsidies for key worker

homes cost more than £47,000 (Housing Minister, Yvette Cooper, PQ answer 6 November 2006). Many end up being sold on the open market because low paid workers can't afford them.

- The housing benefit bill is unnecessarily driven up by transferring homes into the RSL sector and by needlessly raising council rents to the same level to make transfer more attractive: "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).

sation and the significant sums that government has been/is taking out of council housing. This includes: the difference between gross rental income and the money councils are allowed to spend on management, maintenance and major works to our homes (known as ‘daylight’, now ‘moonlight’ robbery); and the income from right-to-buy receipts and transfer receipts.

Squeezed between a rock and a hard place Kelly has also overridden objections from local authorities which had set up ALMOs (Arms Length Management Organisations) and told them to slow down their improvements programme, ignoring the 2010 deadline for achieving Decent Homes. This forces these Councils to break their promise to tenants (crucial to getting acceptance for setting up the arms length companies).

Such dishonesty and broken promises – alongside continuing to bully and blackmail tenants and councillors – are desperate measures from a government that has clearly lost the argument and is feeling more and more isolated. It makes a mockery of all government’s talk of ‘choice in public services’.

Maybe some think that a rash of policy reviews and organisational changes to herald a further development of the neo liberal housing agenda and unleash ‘market forces’ against council housing and council tenants will overwhelm the opposition? As this pamphlet shows, such policies would bring political and economic chaos and face concerted resistance from a determined alliance of tenants, trade unions, councillors and MPs who support council housing.

Council housing has a proud tradition. Bad design, cheap building methods and a backlog of maintenance has left problems but the fundamental principle of accountable elected local authorities providing first class housing that is genuinely

affordable and secure can satisfy housing need today and provide a long term solution to the growing housing crisis.

Despite all the government hype about increasing home ownership Shelter found that 72% surveyed put ‘affordability’ and a ‘safe neighbourhood’ before ‘ownership’ in their list of priorities. The DCLG Select Committee concluded: ‘The overwhelming need is for social rented housing to make up the shortfall in supply and to recoup the very significant losses in social housing that have occurred over the last 15 years.’ (DCLG Select Committee, Affordability and the Supply of Housing, June 2006)

“For the second year in a row, new figures show English local authority performance improving across all the key official indicators of housing management activity.” (Professor Hal Pawson, writing in *Inside Housing*, 2 February 2007)

affordable and secure can satisfy housing need today and provide a long term solution to the growing housing crisis.

If people want to be home owners or to rent from housing associations or other private landlords that is fine. What we object to is government taking money from council housing and council tenants to sub-



[Council housing] is the kind of housing that is needed to cater for all generations and to ensure the development of communities where children and old people feel safe.” **Dot Gibson, Secretary, National Pensioners Convention, Greater London Region**



sidise these other forms of tenure!

Recognising the strength of opposition (and in a last ditch attempt to defeat the ‘Fourth Option’ for the third consecutive year) the Labour Party NEC put a statement to the 2006 conference re-affirming its commitment on Decent Homes, a ‘level playing field’ and promised a working group with “conclusions early next year”.

If this proves to be a serious commitment to finding a speedy solution to the current impasse then council tenants and other supporters of council housing will respond positively. If, on the other hand, this process turns out to be yet another manoeuvre designed to kick the issue into the long grass, it will stoke anger and resentment and make our opposition even more determined.

It doesn’t take much to secure a long term future for council housing. Discussions involving John Prescott around the 2004 Labour Party conference came close to reaching an agreement. They involved dropping the insistence on linking additional money for Decent Homes to councils setting up an arms length private company so long as performance was guaranteed.

A popular (and prudent) government, Chancellor and future Prime Minister could mark the end of the era of ‘Daylight Robbery’ and ‘Moonlight Robbery’, restarting this dialogue. Linked to guarantees on performance all the money that belongs to council housing could be reinvested, alongside a level playing field on debt write off and a new transparent and fair mechanism for managing the national Housing Revenue Account.

There is now an obvious opportunity to demonstrate a new preparedness to listen to the people.

### Particular issues in Wales and Scotland

Council housing finance in Wales and Scotland is similar to England but there are some differences:

- The standard they must meet is known as ‘Housing Quality’ rather than ‘Decent Homes’; and the ‘options’ are retention or transfer;
- In Wales, housing revenue is pooled as it is in England. The same mechanism, ‘negative subsidy’, takes money from Welsh councils to the UK treasury. The proportion of robbery (approximately one quarter) is the same;
- In Scotland, each authority runs its own separate housing revenue account. However, each is required to pay its own housing debt, meaning that the same proportion of rent doesn’t get spent on our homes;
- To subsidise transfer in both Wales and Scotland the UK treasury is prepared to write off debts; in Scotland this is the major issue.
- Extra subsidies are on offer for transfer from the Welsh Assembly and Scottish Executive out of their own resources – ‘gap funding’ and, in Scotland, other carrots such as money for regeneration and new build.



Publicly-owned housing also offers unique opportunities for democratic participation and accountability” **Darren Johnson,**  
**London Assembly Member**

## Composite 10 passed at 2006 Labour Party Conference

“...Conference reminds government of the clear 2005 manifesto commitment “By 2010 we will ensure that all social tenants benefit from a decent, warm home with modern facilities.”

A Labour government cannot leave council tenants who have rejected privatisation without improvements.

Conference believes that decent, affordable, secure and accountable council housing can make an important contribution to tackling growing housing need and that there is strong support amongst council tenants, elected councillors, trade unions and MPs for direct investment to improve existing council homes and estates as well as enabling local authorities to build new council homes.

Conference re-affirms the decisions of the 2004 and 2005 party conferences and our commitment to a ‘Level playing field’. This should include ring-fencing all the income from tenants rents, capital receipts as well as equal treatment on debt write off and gap funding available to councils who transfer their homes to give tenants real choice and provide a long term future for council housing.

Conference again calls on government to provide the ‘fourth option’ of direct investment to council housing as a matter of urgency.”



As council housing is the most cost effective way of providing affordable homes, the discrimination against council housing must end.” **Lynne Jones MP**

# Decent, affordable, secure and accountable council housing

**Decent** The problems associated with council housing have been caused by lack of investment and lack of supply. The idea that ‘social’ housing should only be for those in desperate and present need, fuelled by the false premise that our homes are ‘subsidised’ by the taxpayer, is utterly wrong. Council housing belongs to all of us, and money spent building and improving council homes adds to our national wealth. As Professor Hills previously put it:

“The quality and reputation of parts of social housing, [is] in part related to the repairs backlog and to financial systems which have not supported adequate long-term maintenance of the council housing stock. This is a problem for those who live in it, but also means government has not been properly looking after one of its largest assets.” (Re-inventing Social Housing Finance, Institute for Public Policy Research, 2000)

Council housing is not subsidised by the taxpayer, but the other way around: “The rules effectively mean that many authorities have to repay large sums to the Government each year. Nationally this is around £1.3 – £1.5 billion. In Milton Keynes we had to repay £6 million in the 2005-06 year and are facing the prospect of these repayments rising by around £1-£1.5 million each year.” (Milton Keynes Council)

Housing associations on the other hand are private companies which the taxpayer subsidises, without any public stake in the assets. Social housing grant is paid to housing associations by the taxpayer and spent in acquiring homes, with no mechanism for recapturing that investment. To add insult to injury, the transfer of council housing means that public assets are sold off cheap – or given away – to these private companies.

While refusing to build more council housing, which supports itself and con-



Council Housing Departments should have access to the housing investment money currently denied to them but made available on a completely discriminatory basis, to ALMOs and Housing Associations” **Paul Holmes MP**

### **RSL Surpluses**

“The non-profit housing association sector makes a surplus, even after tax, of just under half a billion pounds a year, and has non-earmarked surpluses of over £4 billion. That’s one heck of a non-profit.” Jeff Zitron, Tribal Consulting (Inside Housing, 11 August 2006) “The 2004 published financial statements of the 553 largest housing associations, responsible for 95 per cent of the sector’s activity, reveal that they collectively received £29.2 billion in capital grant and £24.6 billion in private finance. They also show total reserves of £10.8 billion, of which £5.1 billion are revenue reserves, and a pre-tax surplus of £276 million.”

(*Inside Housing*, 4 February 2006)

tributes to the country’s wealth, billions of pounds are poured into the pockets of profit-making companies, buy-to-let consortiums and private individuals, subsidising their gains through housing benefit paid to private sector tenants. This public spending does not improve services: 41% of private rented homes are not of a decent standard (English House Condition Headline Report, 29 January 2007)

Relying on the private rental market is causing more social problems; as evidence to the DCLG Select Committee enquiry “The Supply of Rented Housing” (November 2006) shows:

“Though the private sector has its place in meeting housing need, the primary motivator of private landlords is profit, not the welfare of tenants...” (Cheshire Housing Alliance)

“In the North East there is evidence of the buy to let market hindering the ability to improve sustainability on estates and is proving costly to local authorities in terms of environmental, neighbourhood and community safety expenditure.”(Northern Housing Consortium)

“There is a real issue of... the impact that [private rental housing] can have potentially undermining “sustainable communities”... relatively high turnover of people with a perceived lack of interest/care in their neighbours/surroundings.” (Milton Keynes Council)

The only way to change this is to improve the quality and increase the supply of decent, affordable, council housing.

## **Affordable**

As council tenants we have a unique statutory right to a ‘reasonable’ rent, not shared by any other tenants. Housing associations are allowed by law to charge a market rent and only government policy, at present, protects their tenants from the full onslaught of the marketplace. Affordable rent matters. It lets us live in decent homes even if our income is low or moderate, it means we avoid the huge poverty trap of market rent-



GMB have for many years supported direct investment in delivering high quality council housing. Tenants should not be penalised for voting to retain council control. A level playing field is now long overdue.” **Paul Kenny, General Secretary, GMB**

ing, and keeps down the net costs of housing benefit.

If housing association rents rise beyond the limits of government's rent formula this would have massive impact on council tenants. If government allows private shareholding and market flotation of housing associations, rents will need to rise to pay shareholders' dividends. We believe this in itself is wrong. But because the government's 'rent restructuring' policy has linked council rents to housing association rents (rent convergence), if theirs go up ours could to.

Competition in a 'social housing market' would bring more misery for tenants with organisations competing against one another to cut costs. Alongside councils being encouraged to proportion specific costs to individual estates (additional service charges and rent increases for improvements), this could quickly lead to a two-tier system where the worst-off have to live on the the most run-down estates. Varying rent levels linked to the efficiency of landlords is equally punitive to tenants. If the landlord performs well tenants pay through increased rents – if they perform badly, tenants suffer both from the original bad service and from reduced resources leading to further cuts in services.

Those of us on low and middle incomes also need homes we can afford (as opposed to 'affordable housing'):

"... parts of the North are seeing demand for good quality, low cost rented accommodation rising dramatically... We believe this is in response to the decreasing affordability of home ownership... There is evidence to show that graduates and young people are choosing to rent for freedom and flexibility, and older owners are choosing to rent to relieve themselves of the burden and the maintenance of home ownership." (Northern Housing Consortium, evidence to the 'Supply of Rented Housing' enquiry)

To buy a one-bedroom 'affordable' shared equity flat developed by a housing association in Stepney, East London you would need a £60,000 annual income – in an area of poverty and high unemployment.

Introducing means-tested rents, or making security of tenure conditional on benefit-level poverty would be a savage poverty and worklessness trap. How can council estates be 'sustainable communities' if everyone but the poorest is forced out? Means-testing rents would hit pensioners particularly hard, if every penny of occupational pension was taken in increased rent.

Means-tested housing benefit already causes massive problems for those in short-term or low-paid work, or trying to run small businesses. People able to work in flexible or part-time jobs, have no option but to find that employment in 'infor-



The Labour Party conference has decided once again that it wants the Government to implement the Fourth Option. The Government now needs to respond and fast." **John McDonnell MP**

mal' (undeclared) work. (People in Low Paid Informal Work: Need not Greed, Joseph Rowntree Foundation, June 2006).

Losing security of tenure would be a strong disincentive to find work. And the effect of increased rents pushing up housing benefit costs, ought to be argument enough not to allow profit-making to drive up rents in housing associations or council housing.

**Secure** Last summer (2006) the Smith Institute issued a set of papers titled 'Rethinking Social Housing' which will punish the most vulnerable, increase the poverty trap, and further fragment our communities.

Contributors challenge the concepts at the heart of the welfare state and housing as a public service. They attack security of tenure, the cornerstone of our communities' 'sustainability', and propose that 'social landlords' should include profit-distributing companies reaping money from increasing land values.

"I've lived in a Council House for many years. One of the major benefits is security of tenure and as a Labour Party member I'm shocked that the removal of that security is even being considered. I'm one of the 86% of tenants who voted to stay with the Council. If the Government believe in 'Choice' then they have to honour the view of tenants and directly invest in Council Housing." (Mary Williams, council tenant, Gravesham)

Landlords know how important a secure tenancy is to tenants. That's why, to persuade council tenants to swallow the blackmail to change to a housing association landlord, transfer proposals now include the offer of extra contractual rights, sometimes known as 'enhanced assured' tenancies or 'assured tenancies with protected rights'. (Although these rights do not have the same force in law as the statutory rights of a secure tenancy and will be lost over time as new tenants move in.)

A London Tenants Federation conference looked at the issues raised by the Hills review including security of tenure:

"The Government's drive to wholesale ownership was questioned and conference attendees were unanimous in their demand for the right to rent. All agreed that they would campaign to retain tenancy for life, that the definition of security of tenure should include the right to an affordable home and that affordability should be linked to the national minimum wage." (London Housing, December 2006)

Pensioners with any occupational pension would be affected if security of



This is the ultimate agenda behind stock transfer, PFI and ALMOs – opening the door to private companies to exploit the accumulated land and assets paid for by tenants over a hundred years." **Eileen Short, Tower Hamlets Against Transfer**

tenure depended on benefit-level income. Why should they, and tenants who have disabilities, mental illnesses or other problems, be forced to take on the responsibilities and risks of home-ownership? Why should any of us?

“By removing security of tenure, the social costs for shattered families – NHS costs, Social Security, children placed into care, bed & breakfast, hostels and lost education affects the whole of our society. Crawley town developed through extensive council house building in the 1950s, 60s and 70s mainly for the London overflow. It is an important part of our town’s history and valued by many, it is something good that is worth protecting. Let’s build some more!” (Martin Ballard, Secretary, Crawley Defend Council Housing)

## **SUSTAINABLE COMMUNITIES**

The banks and private companies thinly disguise their argument for ending security of tenure as though they are concerned about tenants’ lives.

Policy-makers sneer that council and housing association tenants are all enmeshed in a culture of dependency. They ignore the extraordinary contribution tenants make to our communities and our environment, through tenants’ associations, lobbying our landlords, raising money and improving our estates (for examples see ‘Improving Services Through Resident Involvement’, Audit Commission June 2004)

“Without this long-term security, we would lose the vested interest we currently have to look after and invest in our neighbourhoods and communities.” (Pat Rowe, Chair, Taunton Deane Tenants Against Transfer)

The problems on our estates have been caused not by security of tenure but by lack of supply:

“Over the past 25 years the social rented sector has markedly declined in size. At the same time, the number of people on low incomes and vulnerable households who have become homeless has grown – people who have been excluded from home ownership by its high cost and from the private rented sector by the lack of security of tenure and high rents. By picking up the pieces of failed policy and a failing housing market, social renting has lost the wide social mix it once had, a process sometimes called residualisation.” (Mayor of London, Towards the Mayor’s Housing Strategy: Consultation Paper, Nov 2006)

Ending security of tenure would massively intensify this process, leaving the poorest and most vulnerable on ‘residual’ estates. This is not what council tenants or anyone else wants now or for the future.



It is no good Ministers repeating the private good, public bad mantra. I hope that we can at last move this debate on to ground which meets housing and social need rather than fulfils the prejudices against Councils.” **Jack Dromey, Deputy General Secretary T&G**



## Accountable

Through the Cave Review of the Regulation of Social Housing government is considering changing the way council housing and housing associations are regulated.

Local authority housing is unique: publicly owned and democratically accountable. Council tenants can hold our landlords to account in a way which is completely different from housing associations. Council tenants would strongly protest against reduction of the statutory regulation that keeps rent levels affordable, tenancies secure, and the profit element out of council housing.

Council housing benefits from political oversight by democratically elected representatives: through formal accountability to constituents, not to the company; councillors' oversight and input from individual casework to scrutiny of policy; numbers of councillors compared to the size of housing association boards; and decision-making in the public domain.

Council tenants have a history of collective activity, campaigning for improvements at estate level and council-wide. We have greater statutory rights to be consulted and to manage our homes, and a landlord bound by the freedom of information act, subject to judicial review, and governed by principles such as the obligation to act with reasonableness. Council housing still retains a broadly public-service ethos rather than the ethos of a commercial organisation accountable primarily to lenders.

“Council housing is based on providing housing for all with no first or second class, no ghettos, or benefactors. We can all live side by side as equals.” **Cllr. Ahmed Hussain, Tower Hamlets**

To consider introducing a single regulatory regime for councils and housing associations together is unacceptable, especially now that a single unelected quango is to oversee housing. Extending our democratic rights to housing association tenants would be welcome, but council tenants will not be prepared to give up the democratic accountability of our landlords.

In his Call for Evidence Professor Cave recommends “opening the market to a wider range of organisations (for example by allowing... profit-making bodies, to register with the regulator as providers of social housing) or allowing a restructuring of existing providers” and “removing the requirement for regulated social housing providers... to be non-profit-distributing organisations”. Over the last 18 years more than one million council tenants have been lured into accepting stock transfer because they were repeatedly reassured that housing associations are non-profit making, and that their new landlord will be regulated by the Housing Corporation. For tenants being asked to give up a whole raft of statutory and democratic



Tenants have voted No in unprecedented numbers – despite the bullying and blackmail. It's time government showed respect for the united demands coming from tenants, trade unions, councillors and MPs.” **Alan Walter, Camden tenant and chair, Defend Council Housing**



rights, this minimal protection is absolutely vital. To even consider de-regulating housing associations and allowing profit-distributing is outrageous. It could lead to legal challenges where tenants have been transferred under false pretences.

## Council housing: a tenure of choice not of last resort

Professor Cave in his review of the regulation of ‘social’ housing, asks the question:

“What are residents’ preferences over the size of the organisation which provides services, and its nature (housing association, for profit organisation etc) ... Do residents prefer one type of body to another, and why?” (Cave Review: Issue Papers for Residents, December 2006)

There is overwhelming evidence that council tenants have a very strong preference to be council tenants, not housing association tenants, or even council tenants with their homes managed by an ALMO. There is a further mass of evidence that tenants in the public sector regard a profit-making landlord with suspicion and contempt.

In England, when the government forced local authority landlords to carry out an ‘options appraisal’, of 196 authorities submitting an options appraisal, 99 chose to retain their homes. This was more than the combined number opting for ALMO and transfer combined.

“Local authorities as builders and managers of social housing: there is considerable local support in Barking and Dagenham for the Council to maintain these roles...There is also support for the principle of direct democratic accountability

“It will be an affront to democracy if the Government does not accept that the growing number of ‘No’ votes is a clear indication that tenants want to stay with their councils!” **Cllr. David Nation, Mid Devon**

to the local community. This was evidenced by the survey of all 23,000 Council tenants/leaseholders as part of the decent homes option appraisal, which brought 5,000 responses, of which 86% expressed support for the Council to remain as Landlord.” (London Borough of Barking and Dagenham, evidence to the ‘Supply of Rented Housing’ enquiry)

Local authority tenant ballots to determine opinion found high percentages in favour of retaining their council landlord (Mid Suffolk 97%, New Forest 94%, Darlington 95%, Leicester 92%, Babergh 98%) Where councils chose transfer, despite hundreds of thousands of pounds of glossy



The tenants of Scotland demand that... the debt should be written off and tenants should not be blackmailed into selling off our homes and our futures.”

**Jenni Marrow, Scottish Tenants Organisation**

propaganda, a significant proportion of tenants still reject transfer to housing associations. In 2006, tenants voted NO in 8 large-scale and 6 partial transfer ballots. Taunton Deane tenants voted 69% NO in December 2006, despite being told that the council was short of £1.85 million a year to meet the Decent Homes Standard.

In Scotland the support for council housing is overwhelming. Of the 29 stock-owning local authorities in Scotland, 18 positively chose a strategy of retention and only 7 chose to pursue large-scale transfer. Of those 7, tenants in 4 areas voted NO, despite the promises of extra investment on offer.

Part of tenants' opposition to transfer to housing association landlords, is the move from public to private sector. To overcome the resistance, every single offer document (and much of the glossy propaganda) proposing transfer makes a big deal out of the fact that the new landlord will be 'not-for-profit':

"Alas, as we have found out, if you vote for Stock Transfer you go down a one way street. There is no return."

**Cllr. Mike Tansey,  
Sunderland**

"Cestria Community Housing would be a new independent not-for-profit housing association... it would be a not-for-profit organisation – with any surplus money put back into improvements or services or paying loans. Cestria Community Housing

would be regulated by The Housing Corporation" (Formal consultation on Chester-le-Street council's transfer proposal)

"Is this privatisation? No. Bron Afon Community Housing will be a not-for-profit organisation" (Formal consultation on Torfaen council's transfer proposal)

"Southway Housing Trust must also be registered with the government's housing regulator the Housing Corporation ... this means that it would be ... run as a not-for-profit organisation with no 'dividends' paid to 'shareholders'." (Manchester City Council's transfer proposal)

"It is not a privatisation, however, in the sense that the new landlord would not be able to issue any profit dividend... unlike the 'commercial for profit' private sector, the new Landlord will be strictly monitored and regulated by the Housing Corporation" (Answers to questions on the proposed transfer, TPAS, independent advisers in Brighton & Hove)

"West Lancashire tenants back in December 2005 following a long fought campaign voted to remain council tenants." **Cllr. Jane Roberts, West Lancashire**

"Despite the one sided propaganda put out by the local council, the campaign in Swansea is growing fast amongst tenants with broad cross party support." **Paul Lynch, Chair, Swansea DCH**



Our rent money and taxes should be helping to provide affordable rental homes for our children, not subsidising property owners" **Frank Ward, Secretary, Highlands Against Stock Transfer**

The fact is that RSLs are private companies in law and increasingly, as we predicted, adopt a corporate culture, pay private sector salaries and concentrate more of their energies in private sector activities. The process of mergers and takeovers and discussion amongst the biggest landlords about floating on the stock market make the ‘privatisation’ tag even more relevant.

The National Housing Federation (trade body for RSLs) is so sensitive about the term ‘privatisation’ they have taken DCH to the Advertising Standards Authority.

“The real object of the exercise is to try and frighten local newspaper editors to prevent DCH getting even the slightest chance of evening up the grossly distorted balance in the transfer debate, in which councils and housing associations can make use of millions of pounds worth of tenants’ rent money to promote privatisation, albeit by another name.

... If it looks, walks and quacks like a duck, DCH will continue to call it a duck. No doubt the NHF would prefer a reference to “a swimming bird belonging to the family Antidae” (OED), possibly non-egg laying, but definitely well stuffed with copious amounts of duck weed on an annual basis.” John Marais (Cambridge Tenants Against Privatisation and DCH National Committee member), *Inside Housing*, 5 January 2007.

We know almost no tenants have ever actively lobbied for a change of landlord, and where transfers have gone through there has always been a massive bribe in the form of extra investment. It is clear that council tenants want to remain as council tenants, with secure tenancies, low rents, decent homes and democratic rights.



## What we want: The 'Fourth Option' – direct investment to improve existing and build new council housing

The 'Fourth Option' is an alternative to the government's three privatisation options of stock transfer, PFI and ALMOs (privatisation in two stages). It could be funded by adopting the following principles:

- Ring fence all the money that belongs to council housing (tenants rents, 'right to buy' and other capital receipts) to fund an 'investment allowance' as first discussed in the ODPM's own blue skies review of housing finance ('The Way Forward for Housing Capital Finance', August 2003);
- Provide a 'level playing field' on debt so that authorities where tenants decide to keep the council as their landlord get debt written-off (or taken over) on the same terms as those who sell their homes;
- Set Management & Maintenance Allowances (M&M) and Major Repairs Allowances (MRA) at a level that supports actual costs;
- Respect tenants choice and stop wasting vast sums of public money on one-sided expensive PR campaigns promoting privatisation;
- Encourage best practice by funding a genuinely independent tenants movement in each authority and establishing a Continuous Improvement Task Force to utilise expertise from authorities with a good track record to offer assistance to authorities who need help with improving particular services.



There is strong support for government to treat councils and RSLs equally by writing off debt in both cases – not just as an incentive to make privatisation viable.”

**Jim Kennedy, UCATT National Political Officer and Labour Party NEC Member**

# Ten questions to candidates

Put these questions to politicians standing in forthcoming local government, Welsh and Scottish elections and candidates involved in internal party elections. Let DCH know how they respond...

**1.** Decent, affordable, secure and accountable council housing is an important public service?

**2.** Existing council homes and estates should be improved to at least meet the government's Decent Homes standard / Welsh Housing Quality Standard / Scottish Housing Quality Standard with local authorities receiving sufficient allowances to maintain that standard?

**3.** New council housing – which is cheaper and quicker to build, manage and maintain than alternatives – should be built to meet the growing need of households on council waiting lists?

**4.** There should be a level playing field for council housing – including equal treatment on debt write-off and 'gap funding' subsidies for councils who decide to retain their homes as is made available to those who privatise? (For candidates in Wales/Scotland only:) the Welsh Assembly and Scottish Executive provide 'gap funding' subsidy from their own resources to

authorities which transfer. They should make this same subsidy available to councils who need it whether they transfer or not? And they should press the UK government to make debt write off available on an equal basis for all?

**5.** All the money that belongs to council housing – every penny from tenants' rents and capital receipts from 'Right to Buy' and other housing sales – should be ringfenced to provide direct investment in council housing (known as the 'Fourth Option') to improve existing and build new council homes?

**6.** The ODPM Select Committee was right that the government is being 'dogmatic' in forcing councils to change the ownership or management of their homes in order to access extra investment?

**7.** Tenant directors are prevented by company law and confidentiality clauses from acting as effective 'representatives' and the process does not empower tenants as a whole. Councils should fund genuinely independent tenants'

organisations to represent the interests of council tenants.

**8.** Registered Social Landlords are increasingly driven to act as private businesses and are involved in a rapid process of mergers and takeovers. This makes them more remote, less responsive and less accountable to both their tenants and elected local authorities trying to carry out their strategic housing responsibilities?

**9.** Any move to remove a life-long secure tenancy, force up council rents, deregulate housing and provide public subsidies to private developers and landlords should be opposed?

**10.** Government and some local authorities are bullying and blackmailing tenants to accept a change to the ownership or management of council housing. Any genuine 'consultation' should involve a 'fair and balanced' debate so tenants hear all the arguments, with equal access to public resources for both sides, and a formal ballot on any change?



Defend Council Housing... is the continuation of long tradition which tenants and their organisations should take heart from."

**John Grayson, Northern College**

“ The pressure group, Defend Council Housing, has just published this 96-page pamphlet and it is a rattling good read. For a start, it is in plain English. Not one of the 30 contributors uses the management gobbledegook so fashionable from the other side of the argument. MPs ranging from Austin Mitchell to Lynne Jones, and Jon Cruddas to Gerald Kaufman, put the straightforward case for council housing. And their points are backed up by people with practical experience, from mid-Devon to the Scottish Highlands. They in turn are backed up by trade unionists and academics with distinct views on what is wrong and what needs to be done. Given a genuine free choice, most council tenants decide to remain council tenants rather than being shifted like chattels by way of stock transfer, PFI or ALMO..... As the pamphlet makes clear, if tenants choose to keep the council as their landlord, it doesn't harm anybody else. Whether it's a council or an ALMO doesn't make any difference to public borrowing. And if all the money paid in rents were devoted to building new council housing, it wouldn't require a Treasury subsidy. That policy would be both right and popular. It would certainly be a big improvement on the present policy which is wrong and unpopular.” ■ **Frank Dobson, Labour MP for Holborn & St Pancras in London writing in Roof magazine, January/February 2007**



■ **ADDRESSING HOUSING NEED**

**Why council housing is desirable and we need more of it** Michael Meacher MP for Oldham West and Royton

**Housing plays a critical role** Dave Prentis, UNISON

**What is the Housing Problem?** Professor Peter Ambrose, University of Brighton

**Housing Policy Failures and the Rise of Extremism** Jon Cruddas, MP

**Civil Servants want investment in council housing too** Mark Serwotka, PCS

**Choice must be genuine**

Paul Holmes MP, Chair, Liberal Democrats Parliamentary Party

**There was a community!** Dot Gibson, National Pensioners Convention

**Securing a sustainable future for council housing** Darren Johnson, London Assembly Member

**Birmingham cries out for investment in council housing** Lynne Jones MP

**Housing Associations not the answer** Gerald Kaufman MP

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**Cambridge: A tale of two ballots** John Marais, Cambridge Tenants Against Privatisation

**Stop the bullying in Tower Hamlets** Cllr. Ahmed Hussain, LB Tower Hamlets

**Mid Devon: Affront to democracy if 'fourth option' denied** Cllr. David Nation, Mid-Devon DC .....

**Resistance to transfer in Wales** Paul Lynch, Swansea Defend Council Housing

**New research on RSLs: rents, supervision and mergers** Vic Warren

“ The cost of council housing is collectivised... a basic economic and political principle which makes economic sense and is a foundation of the modern welfare state.” **Dexter Whitfield, European Services Strategy Unit**

**Sunderland: Transfer is a one-way ticket** Cllr. Mike Tansey, Sunderland City Council

**West Lancs Vote No and demand robbery stop** Cllr. Jane Roberts, West Lancashire DCH

**Glasgow failure fuels tenants opposition** Jenni Marrow, Secretary Scottish Tenants Organisation

**'Affordable' Home Ownership Scams** Frank Ward, Highlands Against Stock Transfer

**Losing Direct Labour's contribution** Davy Brockett, Glasgow Amicus

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**Labour Party supports 'Fourth Option'** Jim Kennedy, UCATT  
**Independent tenants movement** John Grayson, Northern College  
**Ideology subverts social housing** Dexter Whitfield, European Services Strategy Unit

**'Moonlight Robbery' must end now** Brian Pordage, TAROE Vice Chair

**Funding the 'Fourth Option'** Lesley Carty, Camden DCH

**Why we're fighting** Eileen Short, Tower Hamlets Against Transfer

**Time for 'honest debate'** Jack Dromey, T&G

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**“** It is definitely time for tenants to urge our councillors and MPs to work towards making a level playing field for tenants” **Brian Pordage, Vice Chair, TAROE**

Investment to improve existing and build new council homes makes economic and political sense.

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