

# Defend Council Housing



May 2007

35p

## Tenants, trade unions, councillors and MPs Demand 'Fourth Option' to improve existing and build new council homes

REPORTS THAT "Gordon Brown is ready to launch a new era of council house building" (*Daily Mirror*, May 2nd, 2007) are great news. At last a government that listens to the people.

We all want to end the bullying and blackmailing of tenants and elected councillors, turn the page, and usher in a new era of first class public housing fit for the 21st century.

The 'Fourth Option' demanded by Labour's conference three years running would benefit tenants across the UK. On behalf of tenants, councillors, trade unions and others in 200 authori-



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

ties with council housing, let's get on with it!

All of us will welcome a fresh approach, based on genuine choice for tenants with a level playing field on borrowing against rents and on debt

write-off. The case for investment in council housing, funded by ring fencing all the money from rents and receipts is based on sound finance: an end to squandering of public funds to subsidise privatisation and private landlords.

Council housing has a key part to play in addressing Britain's growing housing need. The new and improved council homes will reduce waiting lists and make council estates once again the mixed communities they were until acute shortage distorted allocations policies.

This is a chance for government to



show it's listening to the people and to honour the manifesto commitment, that "By 2010 we will ensure that all social tenants benefit from a decent, warm home with modern facilities".

Governments that break promises don't get re-elected. By completing improvements to all existing council homes and starting a new council house building programme, politicians can feel proud to deliver, government will achieve targets on housing but also raising standards on health and education and council tenants will be proud once again of their homes and communities.



### Come to the DCH National Conference:

# STAND UP FOR COUNCIL HOUSING

## Thursday 12th July 2007, TUC, Congress House, Central London

Organise a delegation from your area – see page 3 for details >>

# Step up the pressure to win

**A campaign of sustained opposition to privatisation of council housing from tenants, trade unions, councillors and MPs, and 'market forces' failing to meet housing need, has concentrated minds at the highest level of government.**

Tenants have been voting NO to privatisation in more ballots. Housing was a major issue in many areas in the May 3rd elections and the Mayor of London's latest survey showed housing top of people's priorities.

Government pouring public subsidies into 'Shared' and 'Low Cost' still doesn't make ownership 'affordable' or worth the risk for millions. It is unacceptable that government is robbing council tenants and council housing to subsidise the private market.

The private market including RSLs is failing to meet housing need. Decent, affordable, secure and accountable council housing has served generations well and the 'Fourth Option' (see box above right) today makes more sense than ever.

Council housing is cheaper to build, manage and maintain than the alternatives and is more accountable.

### 'FOURTH OPTION' FOR COUNCIL HOUSING

1. Enable local authorities to improve all existing council homes and estates
2. Allow local authorities to start a new council house building programme
3. Ensure that local authorities have sufficient revenue to maintain all council homes in future years

Nearly three million council tenants across the UK expect government to meet its Manifesto commitment that all our homes will be improved by 2010. Any change in deadline or priorities, will have to be by mutual consent.

The 'Fourth Option' would be welcomed by tenants, trade unionists, councillors and MPs in nearly 200 local authority areas across England, Scotland and Wales including 'retaining' authorities, ALMOs where tenants don't want two-stage privatisation, where tenants have rejected transfer and those yet to decide. All need changes to the existing housing finance regime to secure a long term financial future for council housing as an alternative to privatisation.

And more than 1.6 million households on council housing waiting

lists (as well as councillors) want councils to build a new generation of first class council homes.

The financial case for the 'Fourth Option' has been made (see page 2). Improvements to existing council homes and estates along with a new council house building programme can be funded if government stop robbing rents and receipts, provides a level playing field and equality on debt write-off, borrowing and access to grants as other landlords, and saves on privatisation setup costs and higher Housing Benefit bills.

The floated suggestion that new homes will be outside the HRA and the new DCLG 'HRA opt out' pilot study is tacit acceptance that the HRA needs fundamental reform. If councils can borrow against rent to build and maintain new homes, why not for existing ones?

Councils have a proven track record and most of the problems with council housing arise from bad design and cheap building methods, not tenure. Performance has improved and those who still need help could benefit from a new 'Continual Improvement Task Force'.

New and improved council housing would provide desperately needed homes and open up allocations policies once again. Council estates can return to being mixed communities where young and old, single, families, working and non-working live side by side with pride. Tenants would again be able to move as their lives and needs change.

Tenants are sick of being bullied and blackmailed to accept privatisation. A fresh approach, breaking with the 'public = bad, private = good' dogma and recognising the contribution

elect local authorities can make, would inject a new optimism into demoralised inner city areas.

A new commitment to first class council housing would anger private developers, landlords and lenders who want to get their hands on our estates and public land. But it would be a confident answer to those who deliberately stigmatise council housing and tenants' aspirations. It is the answer to their threats of means testing and short term tenancies to reduce tenants' security and lobbying for the Cave Review to recommend deregulation, removing rent controls, more public subsidies for private landlords and developers and replacing independent tenants organisation with tame 'customer panels'.

**Gordon Brown's headlines on council housing are encouraging but we need to turn headlines and sound bites into real commitments. Tenants, trade unions, councillors and MPs need to step up the pressure to win the 'Fourth Option' so council housing has a secure future for the millions who want it. United we are a force to be reckoned with, a force to win. Join us.**





I believe all council tenants have the right to remain with their local authority if they wish. It is also essential that freedom of choice is not artificially distorted by a financial regime that penalises tenants who want to stay with their local authority. We must campaign for a level playing field." **Clive Betts MP**



UNISON has campaigned hard for direct investment in council housing. That is the key to guarantee real choice for council tenants and local authorities over the future of the homes they live in and manage. All tenants deserve decent homes and decent communities, but they also need real investment choices. Many councils have held out against transfer, despite the limited investment options of stock transfer, ALMO or PFI. And many tenants have voted in ballots to remain with their council. Three successive Labour Party conferences have overwhelmingly supported a council's right to invest in housing. A level playing field for direct investment is long overdue and should be introduced without delay." **Dave Prentis, UNISON general secretary**



# We say: fund the 'Fourth Option'

Last September Ruth Kelly, in a desperate attempt to avoid the government being defeated for the third year in a row at Labour Party conference, told delegates '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

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

Question 9052 05/06, November 7 2006). DCLG officials admitted at a meeting on 21 November 2006 that no detailed costing had been carried out to support the £12 billion figure.

The ODPM Housing 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.

To try and hold the line 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 a 'level playing field on debt write-offs'.

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 privatisation 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.

The results will show that government can afford to fund the 'Fourth Option'.



## REINVEST MONEY IN COUNCIL HOUSING

- "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 Housing Review 2005/2006).

- Landlords and lenders jack up rents to make bigger profits. Diverting money away from council housing isn't what tenants want and doesn't make economic sense.

- Stock transfer has seen council homes almost given away to new landlords. However the income received still adds up and has produced £5.86 billion 'Total Transfer Price' which should be reinvested (UK Housing Review 2005/2006).

- "Receipts from the Right-to-Buy sales of council housing that have yielded around £45 billion – only a quarter has been recycled into improving public housing" (Joseph Rowntree Foundation 01/12/05).

- £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.

- Government continues to withhold money from tenants' rents: £1.55 billion for 2005/6. This is more than enough to fund an 'investment allowance'.

- 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 25/01/06)

- Government is taking money that could be spent on council housing to offer subsidies to private developers to build so-called 'affordable housing' – priced out of reach of most people.

- Stock transfer fails to meet the Treasury's performance requirement for Decent Homes "with most of the improvements taking place in the most deprived local authority areas". Investment isn't targeted effectively at the homes that need it most urgently.

- Making debt write off conditional on stock transfer is just blackmail. "Writing off debt owed by local authorities to central government has no effect on the financial position of the public sector as a whole, or on any of the fiscal aggregates." (PQ answer, 19/01/06)

## How 'Fourth Option' formula could work

In discussions leading up to the 2004 Labour Party conference deputy Prime Minister, John Prescott, accepted in principle the argument that 'good' performing councils should be able to access the extra money available to ALMOs – without setting up a private company. Treasury officials endorsed the proposal so long as extra public money was clearly linked to 'good' performance. This would provide a solution to two and three star councils.

DCH and the Council Housing group of MPs have suggested that the ODPM set up a 'Continual Improvement Task Force' to help authorities with less than two stars improve their performance.

Councils with a good record on particular aspects of housing management and finance could second experienced officers to work with other authorities to help them improve. This strategy would raise standards en-

abling more authorities to achieve two stars and so access extra investment by meeting the Treasury's performance criteria.

The additional money could be provided by ring fencing all the income from rents and capital receipts and from big savings on expensive consultants and setup costs associated with privatisation.

The Labour Housing Group has issued its own proposal for a "Retained Management Option" based on these ring-fencing principles. They identified that government would be taking an additional £600 million pa in rent from council tenants that could provide 'headroom' to support Prudential borrowing as an alternative to privatisation.

The Labour Party NEC promised conference a 'level playing field' and that the working group would deliver and 'we await its conclusions early next year'. It's time they did.

### Moonlight Robbery gets even bigger

The government should stop the practice of siphoning money from tenants rents ('Moonlight Robbery') and use it to increase Management & Maintenance Allowances for council dwellings.

On the governments own admission, based on research it commissioned from the Building Research Establishment, Management and Maintenance is currently funded at only 60% the level it needs to be to cover actual costs.

### 2007/8 SUBSIDY DETERMINATION (PER PROPERTY/YEAR)

Governments average assumed rental income.....	£3,129
Amount allowed for management and maintenance .....	£1,658
Amount allowed for major repairs (Major Repairs Allowance) .....	£649
TOTAL ALLOWANCES .....	£2,307
"MOONLIGHT ROBBERY" (gap between assumed rents and allowances)...	£821

### Audit Commission calls for change

The Audit Commission report ('Financing Council Housing', July 2005) recommended that "The government should review the council housing subsidy system" and argues clearly that the current system of negative subsidy does not make sense and is not equitable.

The report described existing housing finance rules as 'perverse'. As well as calling for a 'review' it addressed the issue of the small number of authorities with high levels of debt from building council homes. It recommended "giving a specific focus on solutions for those authorities that currently rely heavily on the system."

### HQN confirms robbery

Housing Quality Network, confirmed government is siphoning money from tenants rents.

"Nationally for 2006/07 taking management and maintenance allowances, the supported capital expenditure requirement and the major repairs allowance less guideline rents there is a £400 million surplus, i.e. resources taken out of housing. If other items of expenditure are included, such as revenue support to the ALMO funding, PFI support debt premiums, other reckonable expenditure and debt management then the

system appears to be in surplus by £93m – a tax on tenants!" (HQN's 'Guide to Housing Finance – the Key Facts')

### 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.

### £51 billion receipts: where has it gone?

Ministers have only recently used the argument that money siphoned from tenants rents is going towards paying the historic debt of building council housing – they never used to argue this! But if they have received more than £45 billion in right to buy receipts and approx £6 billion from stock transfer then why hasn't the debt been wiped out?

### 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.



We believe in tenants' choice – and we support the choice of those who wish to remain with the council, and get direct investment into their housing. More and more we are seeing that tenants throughout Britain are choosing to remain with the council. We in Camden rejected stock transfer many years ago, we've recently rejected the ALMO with an overwhelming response. We insist on direct investment into council housing.”

**Brian Pordage, vice chair TAROE**



The vote at Labour Conference for a fourth option for council house funding – for the third consecutive year – cannot be ignored again. We expect our Labour government to implement the party's policy and ensure a level playing field for council house investment in the 2007 Comprehensive Spending Review. Apart from our moral and social obligation, there is also a political and electoral imperative to invest in decent, affordable, secure and accountable public housing – not continue paying the private sector to buy council housing on the cheap.”

# WE'RE STANDING UP FOR COUNCIL HOUSING

NO votes grow as more tenants hear the arguments against privatisation

# We voted NO... you can do it too

THE GOVERNMENT AND COUNCILS pushing privatisation are losing more and more ballots. In the last twelve months tenants rejected privatisation in Swansea, Brighton, Crawley, Tauton Deane, Gravesham, Salisbury, Highlands, South Kesteven, Renfrewshire, Stirling, several parts of Tower Hamlets, east London, Waveney, Cannock Chase and Selby.

125 local authorities have already decided to retain their homes. And tenants in another dozen authorities which have voted No to privatisation will expect to join them.

Every No vote adds to the pressure on Ministers to change policy and allow councils to do the improvements to our homes and estates.

If your council is proposing stock transfer, PFI or ALMO then help make sure there's a broad based campaign. Get a clear message out to tenants that there is an alternative and they should vote No (see page 11 for ideas on how to organise an effective campaign in your area).



In the last year tenants have been rejecting transfer all over the UK, from Mid Devon to the Highlands of Scotland. Left to right, from top: Renfrewshire, Tower Hamlets, Stirling; Crawley, Edinburgh, Mid-Devon, Gravesham; Brighton, Highlands.

## Angry tenants



I don't know why I am surprised to read what this, a Labour Government, has now dreamt up. I believe Ministers wake in the wee small hours and think 'What can I throw at council tenants this week?' Where else could they get such off the wall ideas?

Ms Kelly now wants to revert to the last century, means testing to force tenants to relinquish their hard fought for security of tenure, only gained in 1979.

I am disgusted that yet again the tenants are being 'shafted'. Despite the obscene amount of money poured into Governments coffers from council rents, still they treat council tenants like something on the sole of their shoe!

We, Doncaster Federation of Tenants' & Residents' Associations, fully support the aims of DCH to campaign against the abolition of secure tenancies. Against any form of means testing. Against the 'evictions' of tenants into smaller homes, or out of council housing altogether. To ensure that the Right to Buy and transfer monies are used where they rightly belong - within council housing.

'Regeneration' 'Mixed Tenure' 'Sustainable Communities', is, in my opinion, another way of saying 'Council house tenants are sitting on prime building land we can sell to developers for huge cash amounts, with 'A view that people would pay £200,000 for!!'

Why can't tenants keep that lovely view? I was told I just didn't understand. I DO understand that tenants have lived in an area for 40 years or more, raised their children, buried their spouses, lived and loved in a community and worked hard to improve the neglected badly managed housing estates and bring back respect for one another.

Only to be told 'We are going to improve your estates for you' Pat on the head of course, whilst we pull our forelock and say 'Oh thank you so much'.

Then of course estates spring up with 70% private ownership and 30% shared ownership!! All under the guise of 'for our own good'.

I and many of my colleagues in Doncaster feel that we 'sold out' against our principles when we elected to go to ALMO. It was alright us sitting in fairly decent council homes but knowing that other tenants were perhaps living in conditions more suited to the early 1900s we couldn't live with ourselves.

Now, as we all prophesied, 2010 will very likely become 2014. So there still won't be the funding to do the 'Doncaster Plus' we offered our tenants! Which is no more than they deserve – safe, warm affordable housing.

We all know that even as we conquer one hill there are another seven hills in front of us, including now Professor John Hill!!

**● Lyn Ralph, chair Doncaster Federation of Tenants & Residents Associations**

## Defend Council Housing National Conference

DCH is holding a national conference at the TUC, Central London on Thursday July 12.

It's a chance for tenants, trade unionists and councillors to get the latest update on national policy discussions from MPs, trade union leaders and others negotiating with Ministers, take part in discussions with other activists from across the UK and address specific issues in the workshop session.

Councils say they want tenants to be informed – ask yours to sponsor a delegation to attend this conference and report back. If they refuse, contact local trade unions for help getting down.

## STAND UP FOR COUNCIL HOUSING

Thursday July 12 2007, TUC, Congress House, Central London

Contributors to include:

- Professor **Peter Ambrose**, Brighton University ● **Weyman Bennett**, joint secretary, Unite Against Fascism ● **Gail Cartmail**, assistant general secretary Amicus ● **Lesley Carty**, Camden DCH
- **Frank Dobson** MP ● **Jack Dromey**, deputy general secretary T&G ● **John Grayson**, researcher and social historian, Sheffield Hallam University ● **Paul Holmes** MP ● **Jenni Marrow**, secretary, Scottish Tenants Organisation ● Cllr. **Abjol Miah**, Tower Hamlets Council ● **Austin Mitchell** MP
- **Paul O'Brien**, chief executive, Association for Public Service Excellence ● **Lyn Ralph**, chair Doncaster Tenants Federation ● **Eileen Short**, Tower Hamlets Against Transfer ● Cllr. **Mike Tansey**, Sunderland City Council ● **Heather Wakefield**, national secretary UNISON ● **Alan Walter**, chair Defend Council Housing ● **Dexter Whitfield**, European Services Strategy Unit ● Cllr. **Margaret Wilkinson**, executive member for Housing, Vale of Glamorgan Council

### CONFERENCE TIMETABLE

- 09.30 – 10.30 Registration, films and transfer/PFI/ALMO advice session
- 10.45 – 11.00 Introduction
- 11.00 – 12.30 Plenary: Winning the 'Fourth Option'
- 12.30 – 01.15 Lunch
- 01.15 – 02.45 Workshop Session
- 02.45 – 03.00 Tea/Coffee break
- 03.00 – 04.30 Plenary: Building the campaign at national and local level

### WORKSHOPS:

1. Funding the 'Fourth Option'
2. Debating Hills: The Role of Council Housing
3. The Cave Review: Deregulation, Profit and the Market
4. ALMOs: Revert back or two-stage privatisation
5. The Case Against Stock Transfer (inc post transfer experience)
6. Unite: Stop the Nazis exploiting housing
7. Independent tenants organisation or 'consumer panels'?
8. Organising Effective Local Campaigns

Please register me for the Defend Council Housing Conference on 12th July

Name .....

Address .....

Organisation .....

Tel..... Email .....

Send to Defend Council Housing, PO Box 33519, London E2 9WW

Conference delegate fees:  £20;  
 £5 individual (unsponsored) tenants

#### Order campaign material

- Bulk order copies of twelve-page national broadsheet: £18 per 100 / £100 per 1000
- Annual subscription to DCH Mailings and Briefings £15
- 'Case for Council Housing in 21st Century Britain' pamphlet £5 each (£2.50 bulk orders)
- 'Dear Gordon' pamphlet £2.50 each (£1.50 bulk orders)



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



Brighton & Hove tenants have voted decisively to stay with the council; local Labour councillors have heard that loud and clear. We will redouble our efforts to persuade the government to give us direct funding or proper borrowing rights. Our tenants should not be penalised for voting No."  
**Councillor Simon Burgess, Leader Brighton & Hove City Council**



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**



# DCH launches new pamphlet at Parliament

## Dear Gordon...

Tenants packed one of the largest rooms at the House of Commons on February 20 to launch the latest DCH pamphlet 'Dear Gordon'. MPs from all the main parties attended including: Michael Meacher, Frank Dobson, Ken Purchase, Jon Cruddas, Paul Holmes, George Galloway, Kelvin Hopkins, Brian Iddon, Alan Simpson, Harriet Harman, Mike Gapes, John Hemming and Brian Binley. Trade union leaders Gail Cart-

mail (Amicus), Jack Dromey (T&G), Iain McNicol (GMB) and Wilf Flynn (UCATT) spoke with Prof Peter Ambrose and tenants from different areas.

The event, along with other recent meetings and individual interviews, was filmed. If we can find a sponsor we hope to produce a DVD that could be used at tenants and union meetings around the country to make the case for investment in council housing.



Austin Mitchell MP and Eileen Short at the launch of our new pamphlet

## ...invest in decent, affordable, secure and accountable council housing

### Eileen Short, Tower Hamlets tenant

Ruth Kelly said that she wanted to give me a stake in society – a 10% stake I think it was! The thing is I thought I already had one. As a Council tenant do I not live in a publicly owned asset which Council tenants pay to keep and maintain and if my flat doesn't need it then the money can be spent on the estate next door?

The privateers are desperate to get their hands on a huge asset of land and homes that tenants have been paying into for over 100 years.

The market loves scarcity... The government has this patronising tone of 'rescuing us from the ghetto'. The policy of siphoning off money out of Council housing for 30 years now is creating slums and then they say we need rescuing! Well we aren't going!

### Jean Kerrigan, Lambeth tenants rep

Lambeth, a lot of them council tenants, voted in, against the trend, a Labour Council last May... Once the election had taken place the policy suddenly changed... No consultation with their tenants, no discussion – straight in... suddenly it [the funding gap] had skyrocketed to £196 million and we were told 'the only way' is the ALMO...

We are firmly against ALMO, we want a ballot – we want to prove to the Council we don't want ALMO, we are campaigning for the 'Fourth Option'...

Last Saturday we managed to get, with no support from the council, nearly 150 tenants to the Town Hall to discuss the ALMO. Everybody in that hall said they would go out and fight because they are fearful of this back door privatisation.



### Jack Dromey, assistant general secretary T&G

I don't want to go on winning at every party conference the vote, but bugger all then changes. So what we did, before the last conference, was to lock the party and government into a process, that has now been going on for the best part of nine months, around a change of course on the part of government at the next stages. We are now in the advance stage of that process.

Believe you me it has not been easy going. But we are absolutely determined to win both the level playing field; and a role for councils in new build. People like myself involved in that process will not put our name to anything that does not meet those objectives.

At the next stages therefore, with housing going up the political agenda,

our task is to make out the argument for equal treatment for councils along with other providers; and for councils to engage in new build.

Crucially, winning a change of policy on the part of government including, to be frank, in the politics of transition. We're going to move from one leadership to another and I think we are entitled to put those who are running for election on the spot as to where they stand on these key issues...

It's also an issue, for those us in the Labour Party, of party democracy. It simply is not right that they have been deaf to what the party has said.

So for all of those reasons they need to recognise the nature of the problem, act in the public interest, act in their own political best interest and take the opportunity of particularly, most immediately, the Comprehensive Spending Review, and change course. That's what tenants want and they deserve no less.



MPs Frank Dobson, Brian Iddon, Ken Purchase, Austin Mitchell and Jon Cruddas sign letter to the High Court in support of Tower Hamlets tenant Carole Swords (centre). She challenged the decision of the Secretary of State to sell off a group of estates despite numerous formal objections against the conduct of the ballot which the council only won by seven votes.

### DEAR GORDON



### 'Dear Gordon: Invest in Decent, Affordable, Secure and Accountable Council Housing'

An answer to the new attacks on council housing; sets out why security, affordability and accountability matter.

- Individual copies £5 / £1.50 for tenants.
- Bulk order copies at £1.50.



Gail Cartmail, Amicus assistant general secretary:

Three consecutive Labour Party conferences have agreed to support the 'Fourth Option'... I would like the party policy forum to implement policy as decided democratically by conference. Yes please, we'd like some choice; we've chosen three consecutive years to support the 'Fourth Option'. Let's have some action...

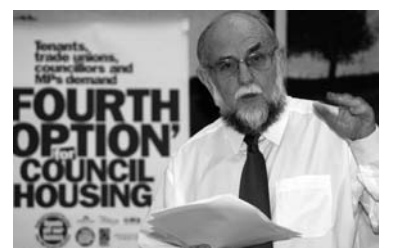
London is being drained of nurses because they can't afford to get on the housing ladder. There are many hardworking public sector workers, who we rely on day in and day out... that don't fall into the key worker category, populating our council estates, and I say they need our support and we need them.



Wilf Flynn, UCATT Executive Council:

I try to avoid using the term 'social housing'. There are only two types of housing – housing provided by your local authority and private housing... In North Tyneside the tenants voted against stock transfer and at the same time so did Tony Blair's – and everybody said 'Well done'... [the] Labour Mayor has now decided that the whole lot's up for grabs and the lads [direct labour building workers] I represent have been told not to bother putting tenders in.

It isn't rocket science; we need council housing as much now as we did in the 1930s and 1940s. Council housing is the be all and end all of what the Trade Union and Labour Movement is all about.



Professor Peter Ambrose:

An adequate supply of decent, affordable homes, for rent and to buy, is not some social 'add-on'. It is a crucial element in the country's infrastructure – as vital to the workings of the economy as the transport and energy supply systems.

The Government's use of 'affordable' is an affront to the English language. The definition of 'affordable' advanced by the Zacchaeus 2000 Trust spells out a definition people can relate to – 'affordable' means that once all your housing costs and taxes have been paid you have enough left to live a healthy, safe and socially participative life and to make some meaningful pension provision.

The result of [investing in council housing]... will be huge cost savings on housing, health, education, police and other budgets because people will be better off and be healthier and happier.

# STAND UP FOR COUNCIL HOUSING

## Ten Questions for Candidates

Ask all politicians – including candidates for deputy leadership of Labour Party – to respond to DCH's ten questions (see back page).

## Organise a public meeting

Organise a 'Stand Up for Council Housing' meeting to rally support for direct investment to improve existing and build new council housing and oppose any attempt to undermine lifelong secure tenancies, deregulate or

take away rent controls. Build it big and broad – ask tenants, MPs and councillors from all parties (except the Nazis) and leading trade unionists as well as academics and local homeless organisations to speak.

## Submit motion backing 'Fourth Option'

Don't use terms like 'affordable' and 'social housing' in motions – they are designed to fudge the issues. "Decent, affordable, secure and accountable council housing" and "the

Fourth Option of direct investment to improve existing council homes and estates and build new council homes" is more specific.

## Campaign against transfer, PFI or ALMOs

If a council near you is bullying and blackmailing tenants to accept stock transfer, PFI or Arms Length Management Organisations contact the campaign to help produce material to challenge their arguments. Make sure there's a fair and balanced debate and tenants hear both sides.

## Lobby your MPs

Ask your MP to sign EDM 136 'Funding Decent Council Housing' tabled by Austin Mitchell MP and join the Commons Council Housing group to show their support.

## Sign this on-line Downing Street petition

We the undersigned petition the Prime Minister to provide the 'Fourth Option' of direct investment in council housing as an alternative to privatisation by stock transfer, PFI or ALMO, to enable local authorities to respect the choice of their tenants and bring all homes up to at least the

government's Decent Homes Standard by 2010 and also build a new generation of decent, affordable and secure council homes for rent, accountable to an elected local authority landlord, and to give a clear commitment to defend the lifelong secure tenancy that council tenants enjoy and uphold the right of everyone who needs or wants to rent public housing to do so without time limit or means testing so that council housing can again become a tenure of choice and council estates can once again be a place that people are proud to live in. ● Go to the Prime Minister's website: <http://petitions.pm.gov.uk/fourth-option>



Council tenants and councillors should unite with DCH, the Association of Retained Council Housing (ARCH) and the House of Commons Council Housing group, campaigning for a genuine commitment to investment in a publicly-owned housing stock to be proud of. That's the way to guarantee a real 'sustainable community', with secure, affordable homes for life."  
**John Marais, Cambridge Tenants Against Privatisation**



The Government must embrace council housing and massively increase investment. Otherwise the chronic problems of overcrowding, squalor and homelessness will massively increase." **Alan Ritchie, UCATT general secretary**

# Following the proud tradition of an independent tenants movement

There used to be a strong and active tenants movement in most parts of England, Scotland and Wales. Tenants Associations within a local authority area were co-ordinated by Tenants Federations which in turn sent delegates to national meetings and debates. Many had newspapers and newsletters written and read by tenants. There's a rich history that reaches right back to the first campaigns for rent controls (see below).

But in the 1990s a whole new industry of 'Tenant Participation' was encouraged by government to wrestle control of tenant organisation. Under the guise of 'empowerment' tenants organisations were sanitised and new



forums and panels were created. Instead of open debate they want to give us tenant directors gagged by confidentiality clauses and overcome with business plans, missions and visions.

All this has made many tenants organisations ineffective and unable to hold our landlords or politicians to account.

But there are encouraging signs around the country of more tenants turning against this controlled Tenants Participation bandwagon. Again we're starting to organise ourselves into the kind of independent tenants organisations (on estates and local authority wide) that we'll need to fight off the latest threats to public housing.

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

## Warning from USA

'US mortgage crisis goes into melt-down' reported the Daily Telegraph (8.3.07). Twenty-two US mortgage lending companies went bust in the last two months. The number of unsold, empty homes in the US is at record levels and there was a 14.4% drop in new house building starts in February. Nouriel Roubini, economics professor at New York University, warns that the housing bust is pushing the US economy into recession.

"The American dream of homeownership is turning into a nightmare. Talk to any working class American about British council housing and they will listen in wonder. They can't believe there's a publicly owned system of decent, affordable homes that 3 million people live in – exactly what millions of Americans need." **Michael Kane, National Alliance of HUD Tenants**



St Pancras rent strike 1959 and (left) protests against Housing Finance Act, Clay Cross, 1973

# Time to organise again: lessons from history

Council housing is being threatened with deregulation and 'tenant choice', undermining tenant organisations, and an end to secure tenancies. The history of tenants' struggles suggests we have been here before.

The last time housing in Britain was a 'deregulated' system was in the 1870s. Victorian working class housing was a disaster. The first tenants' movements of the 1880s were built on demands for working class 'municipal housing' (council housing).

The right to a Secure Tenancy (what Ruth Kelly attacks as a 'tenancy for life') was won by tenants only in 1979. The right was won through struggles on poor conditions in the tower blocks and estates of the 1970s. Tenants built a national organisation in 1977, the National Tenants' Organization (NTO); and regional organisations such as the North East Tenants' Organization, the South Wales Association of Tenants, and the Scottish Council of Tenants.

'Tenants' charters' were negotiated with council landlords to give clearer tenants' rights and improvements in repairs. A Shelter Report of 1975 pointed out that, although tenants were given protection against private landlords under the Rent Acts 1965 and 1974, it was assumed that tenants did not need to be protected against councils, since they were not business orientated. This meant that council tenants had no security of tenure and could be evicted without reason. Campaigns by tenants' organisations and the new national and regional bodies forced the government to include 'security of tenure' in its Housing Bill 1979, subsequently included in the Housing Act 1980.

In 1988 the government moved to privatise (deregulate) council estates by bringing in the market under the cover of 'tenants choice'. Private landlords, estate agents, in fact



Lobbying for the 'Fourth Option' in 2006

anyone, was invited to become a Registered Social Landlord, and go out and persuade council tenants to vote for a private landlord. Tenants treated the whole 'choice' idea with contempt. There were still memories of the violent Rachman landlords of the sixties. The only 'tenant choice' transfer was an ingenious one by Walerton and Elgin tenants in Westminster who registered as their own potential landlord, and became a real thorn in the side of Lady Porter's council.

Housing Action Trusts (HATS) were another idea in 1988 to deregulate council housing. Tenants ensured the defeat of this law by demanding the right to ballot. Thousands of council tenants have only had the right to mobilise around ballots because tenant organisation won that right in 1988.

The present government has overseen a weakening of tenant organisations, treating tenants as 'customers' rather than unique citizens with housing rights. Tenants' federations have been closed down by councils who

would not tolerate democratic opposition to transfers. We must defend the right to organise independent tenant organisations funded from our own rents. The Cave review needs to be reminded that 'Consumer panels' and focus groups are an insult to the democratic traditions of tenant organisation.

Tenants' struggles and campaigns won the right to secure tenancies. Council tenants mobilised and fought off Tory attempts to deregulate housing markets, and privatise estates and turn the clock back to private landlords and the rule of profit. The government are returning to the same agenda twenty years on. Tenants on council estates, in ALMO's, and in Housing Associations are again being faced with the stark 'tenants choice' of losing their secure tenancy rights and going back to the market and deregulation, to the world of private profiteering landlordism. Tenants will reject the 'choice' agenda as a lie. It is time to organise again...



"I welcomed the opportunity to go to the event in London [Cave Review consultation

meeting] because I thought it was going to be a way that tenants could openly and freely express their views. The discussion was too general and the specific problems facing council housing were hardly mentioned. Professor Cave will not gain anything from this meeting that will assist him in producing a report that deals properly with the problems faced by councils and their tenants. I would suggest that the Professor and his team call another meeting exclusively for council tenants where they can freely express their views and hopes for the future."

**Terry Sweeney, Cambridge council tenant**

"The conduct of both the Hills and Cave reviews represents everything that is wrong with the way government, housing professionals and most landlords approach housing policy.

The great and the good announce a review; sort out amongst themselves who will give the evidence, who will hear it and who will be the 'independent' reviewer. Tenants, like children too young to understand, are kept in the dark.

Once the bones of the policy review have been decided a few (selected) tenants are brought in for tea and biscuits and to play party games with post-it notes and bright coloured stickers while facilitators come up with thoughtful conclusions like 'everyone wants choice'.

Then if they remember – but often they don't bother – they might stick a token tenant on the top table just to show that tenants are really at the centre of policy making.

It's not on. They might get away with fobbing off others with tame and ineffective 'consultative' bodies. But council tenants expect something we control and organise ourselves. Something much more powerful, more collective, more accountable.

If Cave wants to regulate he can make it mandatory for any landlord in receipt of public money to fund an independent tenants organisation of the tenants' own choosing. That's the way to defend our lifelong secure tenancy, keep rents we can afford, hold our landlord to account and secure the improvements we need!"

**Alan Walter, Chair, Defend Council Housing (pictured)**



“The blackmailing of tenants by the Government – threatening to withhold funds for the refurbishment of their homes – is a crime. I will not stand by and allow this Government to bully council tenants in this way, and that’s why I am proud to work with Defend Council Housing to secure the implementation of the ‘Fourth Option’.”  
**John McDonnell MP**



“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.”  
**Councillor Ahmed Hussain, Tower Hamlets**

“The Council must make a commitment to create more social rented housing and not just homes to buy. We are calling on the Council to replace the social rented housing that has been lost and that continues to be lost through demolition and sales.”

**Michael Hall, Chair, Leeds Tenants Federation**

“The problem with this government agenda is that it sees council housing as a stepping stone to somewhere else instead of a practical long-term solution. If the government really wants sustainable communities they will stop trying to force the home-ownership culture down our throats and let us get on with building the communities in which we live.”

**Lesley Carty, tenant and Secretary Camden Defend Council Housing**

“The tenants of Salisbury have stated that they want a more secure and affordable future... We fought (and won) the campaign against selling off our homes. The residents do not want to be bullied into a decision that would be disastrous for us.”

**Colin Burden, chairman South Wiltshire Defend Council Housing**

“We did mount a campaign [and won 57% No vote in December 2005]. We were constantly being told the information we were putting out was lies and deception, misleading people. But at the end of the day the truth will come through. Lobby your councillors. Get them to support the NO campaign. We have subscribed to Defend Council Housing as a Labour group. It’s the only way to defend council housing for our children and future generations.”

**Bob Pendleton, tenant and councillor in West Lancashire**

“Birmingham’s tenants, having TWICE voted overwhelmingly to keep the council as their landlord, are now faced with a Tory/Lib Dem alliance who thinks that the way to solve Birmingham’s housing crisis is to demolish and privatise our homes and sell off the land that was once owned by all the people of Birmingham. We need politicians who will support tenants and stand up for council housing and fight with us for direct investment to improve our homes and estates.”

**Frank Chance, chair Birmingham Defend Council Housing**

“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!”

**Councillor David Nation, Mid Devon**



# COUNCIL HOUSING

Government attacks and privatisation have failed to get rid of council housing. So Secretary of State Ruth Kelly is flying kites to see if they can take away our secure lifelong tenancies, tame the tenants movement, deregulate and marketise ‘social’ housing, and let private profit-making companies get their hands on our land.

Nearly three million council tenants and our families, along with 1.6 million households on waiting lists, and two million with a housing association landlord will unite in protest.

Our answer is to build a broad based mass movement of tenants, trade unions, councillors, MPs and other supporters of council housing. Tenants are demanding

that government stop the deliberate stigmatisation of council tenants and council estates and start investing to improve existing council homes and build new ones.

In the middle of this battle are two reports commissioned by Ruth Kelly: Professor Hills’ review and Professor Cave’s enquiry into the Regulation of Social Housing.

Kelly is also proposing to transfer responsibility for ‘Decent Homes’ – including stock transfer, PFI and ALMOs – from the Department for Communities (DCLG) to ‘Communities England’, a new super quango. It’s a crude attempt to put Labour’s manifesto commitment at ‘arms length’ but tenants will make sure responsibility sticks like glue to Ministers!



Tenants mass meeting in East London against

## Hills’ Review on Future of Social Housing

The launch of John Hills’ report ‘Ends & Means: The Future Roles of Social Housing in England’ on 20 February 2007 was surrounded by briefings – probably from Ruth Kelly’s Department – that Hills would attack council tenants’ secure tenancies and the fundamental principles of council housing.

In fact Hills made a point of underlining his commitment to the principles of ‘decent’, ‘affordable’ and ‘secure’ housing. At the launch he said: “if you came with the impression that I was going to be recommending the ending of security of tenure, or that tenants will be thrown out of their homes, then you’re going to be disappointed”. The report concludes:

“Social housing plays a crucial role for nearly four million households in England. It gives many families stability and security in a fundamental part of their lives. The quality of housing it provides is usually higher than tenants with low incomes could afford in the private sector. The existence of social housing has protected affordability for its tenants even while real house prices have doubled in the last decade.... There is no reason why social housing should not continue to play this vital role, and in considering policy change its benefits should not be put at risk.”

The problems Hills identifies: council tenant dissatisfaction in com-

parison with private tenants, especially on repairs and overcrowding; problems with the rationing system for a restricted supply; and the needs of communities dominated by the most poor and vulnerable, could all be addressed with the fourth option: investment to improve existing and build new council housing.

Home ownership is subsidised more than any other housing, Hills says. Council housing is not subsidised at all – but Hills doesn’t differentiate between council and RSL housing, and he gives the annual figure by which ‘social’ housing is subsidised as £6.6 billion a year. To subsidise home-owners, with the richest getting most, costs £18.4 billion a year! (page 25)

Unfortunately, Hills does talk about ‘offering alternatives’ to people in housing need and to existing tenants. He uncritically promotes different ‘options’ for tenants to buy an equity share in a council home (pages 193-197) but also explicitly condemns any attempt to force these on people (page 157).

Ruth Kelly has pounced on this to test the water: whether council tenants and MPs will stomach proposals on means testing the right to a council home, differential rents and/or time limited tenancy agreements. Any such attack will face massive opposition. It would lead to struggling, transient communities and deny council tenants the right to a permanent home.

## MARKET FORCES; MARKET RENTS

Cave is looking at bringing market forces into ‘social’ housing. First, rents rise to market levels, bringing a return of Rachmanism. Second, the best housing will have the highest rents, forcing the poorest into the most appalling conditions, taking us right back to when council housing was first invented.

The Audit Commission says: “The Cave Review presents an opportunity to establish a regulatory framework that looks at the community housing domain increasingly as a market ... Over time, rent levels should reflect levels of service so that there would be a

degree of price differentiation (down as well as up).” (paragraphs 41, and 102-103) (Audit Commission, The Future Regulation of Housing, response to the Cave Review, Feb 2007)

The National Consumer Council says: “Government should explore the case for the introduction over time of stronger price mechanisms into affordable housing, both to liberate consumer choice and also to incentivise improved value for money from providers.” (House Rules: Submission from the National Consumer Council to the Cave Review)

## Cave Review of Regulation of Social Housing

In Prof Martin Cave’s review of The Regulation of Social Housing, the issues on the table are deregulation, creating a market, ending rent controls, allowing housing associations to become profit-making, and ‘consumer choice’.

In 18 years over a million council tenants have been lured into stock transfer with repeated reassurances that housing associations are non-profit making, and that the new landlord will be regulated by the Housing Corporation. Those tenants have already lost a whole raft of statutory

and democratic rights. Now their remaining rights are under threat.

DCH has made a submission and also met with the Cave Review team. We argue that the democratic accountability of council housing and independent tenants organisation are vital and should not be watered down. If Cave wants to make recommendations on regulation he should make it mandatory for any landlord in receipt of public money to fund an independent tenants organisation of the tenants’ own choosing. That’s the way to defend our lifelong secure tenancy, keep rents we can afford, hold our landlord to account and secure the improvements we need!

## DEREGULATION

Housing associations (‘Registered Social Landlords’) are regulated by the Housing Corporation, with regular inspections and a final regulatory arbiter. Tenants facing transfer are promised this safety net (though ‘safe’ can mean takeover or vacant homes sold off as part of a rescue package!)

But housing associations are now lobbying to regulate themselves. Their trade body, the National Housing

Federation, told the Cave review: “According to the federation, external regulation is to blame, at least partially, for housing association problems by making them over-reliant on their regulator... The solution, it claims, is for associations to comply with a set of codes, set by the federation, and enforced by associations’ own boards” (Inside Housing, 9.3.07).

# BUILD MORE

What millions of working people in this country need is decent, secure, affordable housing. The question is who is going to provide it.

Professor Hills has been criticised for not calling on the government to build more. In response Hills says it’s not realistic to expect the government to start a new programme of council house-building. But who believes the private market is ever going to provide homes people need at a price they can afford? The idea is absolute nonsense.

“The physical delivery of housing is in the hands of private house-builders, not local authorities. ... there is a major democratic deficit. Private house-builders are primarily in business to make profits for their respec-



Lobbying MPs for the ‘fourth option’: improve

“ We've got thousands of people on our waiting list. We've taken a position in Barking and Dagenham to fight against that, to defend council housing. Think of the £millions spent each year on housing benefit subsidies. Every young family that gets housed in Barking and Dagenham, it's through private renting because the government picks up the bill. How many homes could be built each year out of that housing benefit money? [They are] condemning families to a life on benefits because they can't afford the rent. **Councillor Liam Smith, Barking and Dagenham lead member for housing**

“ Taunton Deane tenants voted overwhelmingly against stock transfer last December. We saw that privatisation means rents guarantees get broken, improvements are delayed, the housing services become less accessible and councillors trying to act on behalf of their electors find that they are powerless to help transferred tenants. We managed to organise a campaign with the support of UNISON that alerted our tenants – you can do it too.” **Patricia Rowe, Taunton Deane tenant**

# ING UNDER ATTACK



at the Housing Action Trusts in 1988

**June 2006:** 'Rethinking Social Housing', a set of papers written by bankers, consultants, RSLs and private developers, calls for an end to secure lifelong tenancies and to allow companies to benefit from the increase in land values on our estates.

**September 2006:** Minister Ruth Kelly announces the Hills review amid speculation that "the commitment to a tenancy for life looks set to be challenged" (Inside Housing, 29/09/06)

**December 2006:** Minister Ruth Kelly asks Professor Martin Cave to look at the 'regulation of social housing'; the review's Call for Evidence talks about removing rent controls and allowing RSLs to become profit-making

**January 2007:** "England's largest housing association has held talks with the Housing Corporation about floating the company on the stock market.... selling shares in the company to public investors...." (Inside Housing 05/01/07)

**February 13th 2007:** Ruth Kelly announces that council tenants are to be given the chance to buy a 10% share in their homes

**February 20th 2007:** John Hills' report published

**March 2007:** Various submissions to the Cave Review call for RSLs to be allowed to regulate themselves; for independent tenants organisation to be replaced by a consumer panel; and for market forces to be let loose in 'social' housing.

## PROFIT

Two of the biggest housing associations, CircleAnglia and Places for People, want to raise money from private investors (see Inside Housing: 'Providers told to look at fresh avenues for finance' 23.11.06; 'Landlord explores Flotation' 5.1.07) Seven of 12 housing associations asked told Inside Housing they would like to be allowed to float on the stock exchange (26.1.07).

A partner at legal firm Trowers & Hamlins warned: "The big answer on stock transfer hitherto has been "this is not privatisation folks because no

### COUNCIL TENANTS IN STRONGER POSITION

Nearly 3 million council tenants will be in a much stronger position than RSL tenants to see off these attacks. Our common 'secure tenancy' and greater ability to hold our landlord to account will make it easier for us to prevent pilot schemes and other strategies to divide and rule us.

one ever makes a profit out of the organisation". The minute one housing association floats, and it doesn't matter that it is not a stock transfer organisation, you have blown that argument out of the water.' (Inside Housing, 5.1.07)

So existing landlords want to become direct profit-takers. On the other hand profit-making companies want to own and manage 'social housing'. Last year the Housing Corporation began funding private developers to build new 'social housing'.

"the regulator cannot oversee these companies, which are likely to have plc status, in the same way as other providers. So the responsibility for financial management rests with private companies' accountability to their shareholders." (Audit Commission, February 2007)

There are huge companies like Pinnacle also hovering (see below)

Currently 'registered social landlords' – housing associations – cannot legally distribute profits to shareholders or investors (though banks and consultants make huge profits out of stock transfer). The only way to be sure your landlord is not about to profiteer at your expense is to reject transfer and defend council housing.

## LAND

There are huge companies waiting for the chance to move into the 'social housing market'. They want the land our homes stand on. Pinnacle plc summarise their aim: "Long term investors look to benefit from uplift in land values... Explore ways to bring private sector investors into area regeneration... Transform the notion

### WHAT IS SECURITY OF TENURE?

'Security of tenure' is not the same thing as a 'secure tenancy'. Only council tenants have 'secure tenancies'; RSL tenants have 'assured tenancies'. Both have 'security of tenure'.

In a nutshell, security of tenure means that provided you keep the rules, you can stay in your home for life. Stricter rules under assured tenancies are harder to keep, so they are less secure than 'secure' tenancies (see page 9).

of regeneration spending into investment, with rising whole neighbourhood land values the asset" (Perry Lloyd, Director, Pinnacle Regeneration Group, writing in 'Rethinking Social Housing', Smith Institute, June 2006)

The Smith Institute report calls for an end to security of tenure, with investors making money out of increasing land values. Our estates are valued according to 'Tenanted Market Value', lower than market value because tenants will always live there. To benefit from increased land values landlords have to be able to get rid of their tenants – so they want to end our security of tenure.

### CONSUMER 'CHOICE'

The National Consumer Council, in a submission to the Cave review, see 'choice' as 'contestability to introduce or mimic some of the incentives and systems of a marketplace' with tenants regarded as 'consumers'. They suggest we switch from one provider to another,

while a national consumer watchdog regulates us.

Tenant organisation would be replaced by a consumer panel: "Options to improve the voice of residents could include an approach of consumer advocacy hosted by the 'new National Consumer Council'."

The privatised utilities are their model – showing the nonsense of claims that "transfer isn't privatisation".

### READ MORE...

For more details on the attack on security and deregulation, and on Cave and Hills, see [www.defendcouncilhousing.org.uk](http://www.defendcouncilhousing.org.uk) and the new DCH pamphlet 'Dear Gordon' which sets out the alternative to the neo-liberal agenda – the principles of decent, affordable, secure, accountable council housing.



# E COUNCIL HOMES



existing and build new council homes

itive shareholders – they are not in business to meet the social and economic well-being of the communities in which they want to build... There needs to be more encouragement for local authorities to build its own homes where it wants to and where it is able to." (Milton Keynes Council, Written Evidence To Select Committee Enquiry Into 'The Supply Of Rented Housing')

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.

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 subsidise these other forms of tenure! While refusing to build more council housing, which supports itself and contributes 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.

And the market is failing to provide decent homes: 41% of private rented homes are not of a decent standard (English House Condition Headline Report, 29 January 2007) Among those with the lowest fifth of incomes, you are more likely to live in a non-decent home if you are a

homeowner than if you rent. (Hills report, page 66).

Council housing is cheaper to build, manage and maintain than any kind of 'social' or 'intermediate' housing, no matter what sort of package it's wrapped in. It was the solution after the war when it provided homes for such a wide range of people there was no 'residualisation' or stigma attached to council housing. And we don't need to repeat the mistakes of bad design and cheap building methods that were made in the past.

It's not rocket science. If our communities are becoming less sustainable its because there isn't enough housing for all the people who want it and so it has to be rationed to those in greatest need.

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. It is not the answer. The answer to the question 'how do we create sustainable communities?' is the same as the answer to the question 'how do we solve the housing crisis?' Build more decent, affordable, secure, council housing!

“Now is the time to bring massive pressure to bear on the governing party to change course. If it does not, it will pay a very high price at the ballot box. And the knowledge that that looms over councillors and MPs will help all those in Parliament and in local authorities across the country who are committed to council housing to help win a new policy.”  
**George Galloway MP**



“Sunderland Council has now allowed Sunderland Housing Group to dispense with the requirement to elect Tenant board members. They now hand pick Tenant representatives, so much for the Governments claim for meaningful tenant involvement. It's important that tenants, trade unionists and councillors in other areas facing transfer hear the whole story – not just one side of it.”  
**Councillor Mike Tansey, Sunderland**

“As a housing minister in a previous Labour government it was I who put through the legislation providing finance for housing associations to new build. But I did it on the basis that housing associations provided a small specialist segment of public housing in support of council housing. Never, never, never was it my intention or the intention of that



government that housing associations should be the main or only source of new build public sector housing.”  
**Gerald Kaufman MP**

“PCS members are facing pay cuts and massive job losses together with the increasing threat of privatisation. Lack of investment in decent, affordable, secure and accountable public housing means many members don't have access to a viable affordable housing option. If Ministers can afford to write-off council's debts on transfer then surely they can make the same resources available for direct investment in council housing which is actually what tenants want.”  
**Mark Serwotka, general secretary PCS (civil servants union)**



“Tenants in Stroud have voted against transfer making their choice clear and I hope that the Government will recognise the strong case for the 'Fourth Option' of direct investment in council housing alongside any other alternatives.”  
**David Drew MP**

“Tenants in Luton have opted to remain with the council. I hope tenants in the rest of the country will join us in the fight to win the 'Fourth Option' to secure a long term future for council housing everywhere.”  
**Kelvin Hopkins MP**

“I believe in council housing. Not just as a matter of political principle but because it's a tried and tested system that works. For years stretching beyond living memory, councils have been successfully providing affordable rented homes for local people. I no longer live in a council property so I won't be getting a vote [on transfer]. But if I did, I'd be voting NO.”  
**David Taylor MP**

# THE CASE AGAINST

**Transfer of council housing to an RSL means the loss of our secure tenancies, higher rents and service charges, a less democratic housing service, increased homelessness, big pay rises for senior managers and profits for the banks.**

**It's risky. RSLs are lobbying for deregulation and to be able to float on the stock exchange. The new landlord may get into financial trouble; and if it goes wrong there is no return.**

## Transfer Means Privatisation

Registered Social Landlords (RSLs or housing associations) are private companies in law and borrow directly from the private market. “Walker (2000) characterises housing associations as behaving increasingly like private sector organisations ‘property-driven’ and managing stock as an asset to maximise returns” ‘Changing Boards, Emerging Tensions’, Liz Cairncross, Oxford Brookes University, Spring 2004

Transfer means privatisation in law and in practice. RSL board members are often paid, executives are on fat-cat salaries, and banks and lenders are in the driving seat.

Many transfer associations set up group structures to get into private housing – market renting, new development and building luxury houses for sale. Transfer gives them all the land our estates are built on - some of it seen as prime development sites. Transfer plans often include demolition and higher density rebuilding – including new private luxury homes our children won't be able to afford.

“Housing associations have become so obsessed with building new homes that they are ignoring their core housing management role, the head of the government's housing watchdog has warned.

The Audit Commission's chief inspector of housing Roy Irwin said too many associations “chase the customers they haven't got and neglect the ones that they have got”.  
**Inside Housing 30 September 2005**

RSLs may be technically ‘Not for Profit’ today but they are lobbying for that to change (see pages 6 & 7).

## Higher rents and service charges

RSL rents are still much higher than council rents. Councils in England claim that the new government ‘rent convergence’ formula means that rents will increase by the same amount whether tenants transfer or not. Thanks to new evidence it's now clear the rent convergence formula is worthless.

- Service charges are not covered by the formula. The RSL simply has to describe part of the rent as a service charge, known as ‘unpooling’. The small print in the offer document shows service charge rates are only guaranteed for a few years, if at all. Some RSLs demand £20 plus a week in service charges on top of rent.

- RSLs can raise the rents of any new tenants immediately to the ‘target level’, creating a two-tier system and an incentive to get existing tenants out.

- RSLs can change the valuation method used to calculate the rent. In the words of TPAS: “changing the valuation method and therefore achieving higher ‘Target rents’ can [drive] a horse and carriage through the rent policy guidance and guarantee as valuation is not a fixed science... I have spoken with large Housing Associations on this issue and they clearly understand how the Jan 1999 valuation method is the loophole in the government's rent setting policy. It's the great unspoken... They can comply with the Government guidance parameters but also

achieve higher rents, sometimes much higher rents.” (email from Tony Bird, TPAS ITA in Brighton, to Anne Kirkham, Department of Communities and Local Government, 09/08/06)

In Scotland and Wales the old 5-year ‘rent guarantees’ are still used instead of a convergence formula. But these don't work either. In Scotland, rent rises in transfer RSLs are now running higher [4%] than the Scottish average RSL [3.8%]. Scottish Borders had the highest increase – 5.5%, despite a promise of inflation plus 1%. (figures from Communities Scotland)

And what happens at the end of the 5-year rent guarantee? Research in the new DCH pamphlet shows that 16 of the 20 fastest increasing housing association rents between 1997 to 2005 were in housing transfer districts. The rents for Ten-Sixty-Six, the transfer RSL in Hastings, rocketed after the end of the five year period, up 10% in one year (between 2003/2004, Housing Corporation figures)

## Less Security

On transfer tenants lose our special ‘secure’ tenancy and get an ‘assured’ tenancy.

Secure tenants are “protected by arguably the most generous charter of rights available in the residential sector. That security is lost on transfer.” (‘Large Scale Voluntary Transfer: not all honey and roses’, Jan Luba QC, (2000) 4 L.& T. Rev. 6)

“Swansea tenants have voted almost 3:1 against privatisation. I hope political

representatives from all parties will now join with tenants in lobbying the Welsh Assembly and the Westminster government to secure a level playing field for council housing. This should provide the same level of debt write-off and gap funding, along with ring-fencing all the rental income and right to buy receipts to fund an



investment program to bring Swansea Council homes up to the Welsh Housing Standard.”  
**Paul Lynch, secretary, Swansea Defend Council Housing**

There are differences in law between the two types of tenancy. A promise by the new landlord not to use certain powers is not the same as the statutory rights ‘secure’ tenants have in law (see box)

## Mergers and Takeovers

We're told transfer will be to a locally-based organisation. But this doesn't last long. There is a high risk the new landlord will get into financial trouble and be taken over, or will



“If the council wants to evict you, they must prove both the ground for possession (e.g. rent arrears, anti-social behaviour) AND that it would be ‘reasonable’ to evict you.... A RSL can seek to evict you without the court having to consider ‘reasonableness’ in 8 out of 17 grounds for possession. For example if you are more than 8 weeks in arrears of rent on the day of the court hearing, the court will have to make a possession order even if the arrears are not your fault. (Ground 8).” (‘Stock Transfer: Essential Reading Before You Choose’, Tower Hamlets Law Centre)

Councils claim that the new landlord will write additional rights into the new assured tenancy contract which will make it the equivalent of a secure tenancy. The Law Centre say:

“If an RSL wants to ignore the promises they have made in a tenancy agreement, and rely instead on the weaker rights set out in law, they may be able to do so. In a leading court case a judge found that a housing association were entitled to override the promise they had made to always give notice before issuing proceedings, because this was allowed by statute.”

“Having attended a TAROE conference in London it became very obvious that many

Housing Associations are only interested in the development of prime building land NOT tenants' interests. South Northants tenants must think very carefully before they vote, as to what they want and will the promises be kept. Remember there is no turning back if the transfer goes ahead. Let's have a fair and open debate – not one-sided blackmail.”

**Russell Barford, South Northampton Tenants Forum tenants rep**

“We are one of the smallest local authorities in Scotland and yet we are building

more council homes [1,000] than the whole of London... Stock transfer hasn't worked and we made a decision we wouldn't even consult with tenants about it, because we don't believe in it... we would be selling our souls.”

**Councillor Adam Montgomery, Leader Midlothian Council (Inside Housing, 16 March 2006)**

“Tenants in four out of five ballots have voted No to privatisation. Some Scottish

councils are now resorting to transfer by the back door – they are demolishing our houses and then handing the land over to housing associations. The STO is organising tenants across Scotland to demand a level playing field and debt write off for councils where tenants voted NO.

**Jenni Marrow, Secretary and John Carracher, Chair Scottish Tenants Organisation**



“Tenant choice should be on a level playing field of equal access to funding. It is disgraceful that £3.2m per year is taken by the Government from Chesterfield Council Tenants’ rents that this will rise to over £5m as the Government force rents up by more than inflation but that a Housing Association would be allowed to keep all this money if tenants had voted for privatisation.” **Paul Holmes MP for Chesterfield**



# STOCK TRANSFER

## Transfer and ALMO: less power for tenants

Don't be fooled by the idea of 'community ownership'. A 'Community Gateway' or 'Community Mutual' is just an RSL with a fancy wrapper. The key thing about any RSL is the fact that they borrow money from the banks and are accountable to them. Wild claims are made that making tenants 'shareholders' will empower us but there's no basis for these. Tenant 'shareholders' in a community mutual or gateway organisation won't even have the right to elect the whole board. As tenants of a local council we elect our landlord. If we don't like the way they run our housing we can

vote them out every four years at the ballot box. This direct democratic relationship is lost after transfer, PFI or ALMO. Promises of tenants on the board is a con. The role of tenant board members is "primarily symbolic, providing a fig leaf to cover the unpalatable fact that the real power lies elsewhere." Caimcross 2004 Tenants on boards are bound by company law and, even if elected, will not be able to represent the tenants who elected them. At the time of transfer, tenants are often led to believe that they will have an explicit role in representing

the interest of their fellow tenants on the board. This is not compatible with the accepted principle that dictates that as a board member they have to work for the interest of the organisation.' (Housing: Improving services through resident involvement, Audit Commission, June 2004). It's outrageous that the government is trying to hijack the ideas of the co-operative movement to support privatisation; as a recent report on Community Mutuals in Wales has shown, transfer RSLs and genuine co-operatives have almost nothing in common.



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

expand and diversify into a huge business empire.

Smaller associations tend to become part of a group structure. Bigger RSLs pay their senior managers more! The last two years have seen over 100 full scale mergers, with nearly 70 more becoming subsidiaries within a larger group. (Inside Housing, 10 Feb 2006)

"There is a merger mania just now that is being fuelled by the Housing Corporation saying future development cash will be concentrated on fewer and fewer associations." (Derek Joseph, Managing Director, Tribal HCH consultancy Society Guardian, 9 May 2005)

Parliament's Public Accounts Committee found only a 3% increase in tenants satisfied with the condition of their home (81% from 78% before transfer) – even after improvements had taken place (but often before rent guarantees ran out). Only 85% of tenants considered that housing services were at least as good as before transfer; while satisfaction with the quality of repairs went down (63% against 68%).

**Improving Social Housing Through Transfer, Public Accounts Committee report, March 2003**

“In Carlisle we were promised the 'world'. Seven thousand five hundred houses were transferred with the promise of £52 million spent on improving houses in the first five years. Four years on less than £25 million has been spent.

The Housing Association will not listen to tenants representatives, want to demolish perfectly good homes and build 'new homes' for open sale and private profit. They have the backing of government, the Housing Corporation and the Audit Commission, the very people who are supposed to protect tenants and residents who instead ignore tenants letters and refuse to carry out 'audits'.

At least if you are a council tenant you can hold your democratically elected councillor to account or elect someone else. With a Housing Association your reps on the Board of Directors are told they can't listen to their tenants, and the Managing Director will take control of the business and run it for business not tenants – despite being classed as 'not for profit' and 'charitable'.

**Dave Young, Chair Carlisle Tenants Federation**



Tenants don't get a vote on take-overs or mergers. And the take-over RSL is under no legal obligation to keep promises made at the time of transfer:

"The mortgagee exclusion clause... means that if the RSL gets into financial difficulties and as a result the funder takes control and transfers to another RSL, the "new" RSL is not bound by any of the promises made to the tenants." (Housing Today, 21 January 2005)

### Wasted Money and Broken Promises

According to the National Audit Office, it costs £1300 per home more to improve homes after transfer than it would cost if councils were given the money to do the work themselves. ('Improving Social Housing Through Transfer', 2003)

Councils, as public bodies, are able to borrow money at a lower rate of interest than housing associations. The 'management costs' of housing associations are also higher – in other words they pay fat-cat salaries to senior executives, and spend a fortune on new office buildings and glossy self-promotion. Someone has to pay for this.

The report by the Council Housing Group of MPs details broken prom-

One fifth of transfer RSLs have had to be placed under supervision by the Housing Corporation. 'Such action, which involves the appointment of external experts to the board of the association, is only triggered by poor performance or serious management irregularities' (The Guardian, 25 May 2005).

ises. If promises are broken, there is little tenants can do, because offer document promises are a contract between the RSL and the council, not with the individual tenant.

### More Homelessness

Stock transfer means more homeless. Where councils have transferred their houses "homeless applicants spend longer in temporary accommodation, and in some cases are unable to access affordable housing at all." Of 75,000 families looking for homes after transfer 43% were told that there was no home available for them.

'Out of stock: Stock transfer, Homelessness and Access to Housing' Shelter, 2001

"Our own investigations into the position of the homeless in stock transfer areas have revealed that

many applicants have found it more difficult to access permanent accommodation since the transfer... 20.1% of allocations by large-scale voluntary transfer housing associations are to homeless families. This compares favourably to housing associations not involved in stock transfer (9.4%), but it is less than the 34% by local authorities."

Housing Today, 29 April 2005

### Scotland and Wales

The situation in Scotland and Wales differs slightly in the details, although the broad principles of opposing privatisation and campaigning for direct investment are the same. For more details, ask for a copy of our new Scotland and Wales broadsheets.



“My family have lived in a Council House for 37 years. We fought to keep the Council as our landlord because we don't trust privateers. We won the ballot with 86% voting to stay with the Council and we don't want "Decent Homes" privatised to the same people who will regulate Housing Associations. That is like putting Dracula in charge of the blood bank!” **Rita Mitchell, Northfleet, Gravesham**

“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**

[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**

“The Crawley housing stock transfer ballot was scrapped because it became clear there was no tenant support for privatisation. It would be immoral and unjust if there was now one pennyworth of reduction in housing maintenance and improvements while government continues to take tenants' rents as surplus income. Currently central government under this pretext appropriates £11M a year from Crawley.” **Michael Barratt and Martin Ballard, Crawley Defend Council Housing**

“I'm a tenant and a councillor in the Vale of Glamorgan. The TRAs there have already done our own ballots, and we want to stay with the council. The open letter to Tony Blair has been signed by all the councillors except the Conservative ones, and they say to us, it's your government which is doing this. But I will fight to keep these council houses for the future.” **Councillor Margaret Wilkinson, Vale of Glamorgan**

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

If stock transfer is voted down in Swansea the government should write off the housing debt as with privatisation. They're quoting 'tenant empowerment' well empowered tenants have spoken.” **Terry Hennegan, Secretary Blaen-y-Maes Tenants & Residents Association, Swansea**

“Renfrewshire’s tenants have demonstrated that they will not be bullied into privatising their homes. They have maintained public ownership and democratic accountability by voting NO. The government must now hand over the millions that they have set aside for Renfrewshire’s housing. If they do not do this, then tenants will have to elect a government that will hand over the money. It is that simple.” **Gerry McCartney, secretary of Renfrewshire Defend Council Housing**

“Why do councils always give such a one-sided argument? Why are public funds only used for the pro-transfer campaign? It’s in order to stop tenants having a chance to hear the other side of the argument. That is the opposite of democracy. It’s not choice – it’s blackmail. Stick with your secure tenancies. Demand that all council tenants’ rents and right to buy capital receipts are used exclusively on council homes and none of it is siphoned off. And insist on a clear code of practise to guarantee a fair and balanced debate which outlaws the blackmail.” **Michael Meacher MP**



# ALMO: two-stage privatisation

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

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

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

ALMOs also claim that tenants will be ‘empowered’. But tenants have no more say in ALMOs than they do in housing associations – all the same problems apply (see page 9)

“We have not heard evidence that creating an ALMO per se enhances the achievement of Decent Homes, or indeed tenant satisfaction”... “The Committee agrees with those stakeholders who argue that Local Authorities hold the potential to manage housing stock just as effectively as RSLs, ALMOs or PFI schemes.” (ODPM Select Committee Report on Decent Homes, 7 May 2004)

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

If you don’t want privatisation – don’t take the first step!



Tenants in Camden campaigning for direct investment after the 77% NO vote against ALMO

- A new report commissioned by DCLG reveals that senior ALMO managers and board members have a ‘predominant view’ and ‘general assumption’ that ALMOs will become stock transfers. (“Learning from Arms Length Management Organisations, the experience of the first three rounds”, DCLG, January 2007).

- ALMOs are preoccupied with business diversification. ALMOs in two London boroughs set up a joint venture company to bid for the management and maintenance functions of a third London ALMO. (‘Almos join forces to build profits and provide services’, *Inside Housing*, 31/10/2005).

- “Tenants in Newcastle have become so concerned at the failure

of the government to agree funding to improve their housing they have fired a letter to the CLG. The move follows months of warnings from arm’s-length management organisations that the government was courting disaster... ALMOs on rounds three, four and five of the programme were asked to consider pushing back some of their decent homes work beyond the 2010 deadline set by the CLG. When all but three refused the department arranged a series of crisis meetings within the space of a few weeks and told ALMOs chiefs they would have to change their spending plans” (*Inside Housing*, 18th May 2007)

- “...the £165m the council bid for from government is not yet

forthcoming, and will only be if Nottingham City Homes achieves a two-star rating in inspections next year. Even with that, the shortfall is £143m... As a result the company (NCH) would not be able to achieve completion of the Decent Homes programme by 2010... NCH had engaged PriceWaterhouseCoopers, who had looked at the options available, including the PFI and establishing a local housing company.” (*Nottingham Evening Post*, 20th December 2006)

- As part of the ongoing process of drift from the public sector, Ashfield Homes gave notice on the 14th May that they were breaking away from the National Terms and Conditions for employees. (Information from Ashfield UNISON)

## The case against PFI

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

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

- In the wake of the decision by government to withhold funding from round 6 ALMOs until earlier ALMOs put back their programmes, Enfield council has decided not to set up an ALMO and risk the expense. For Enfield’s stock of 16,500 properties, an “additional ongoing cost to the Housing Revenue Account of the ALMO organisation and the Client Management function will be in the region of £750,000 per annum” (Report no. 219, Municipal Year 2006/2007, 07/02/07).

- “Harrow Council has said it is ‘seriously minded’ not to hand over management of the stock to its new ALMO. Instead it has come up with last-minute plans to use prudential borrowing to fund improvements... Keith Burchell, cabinet member for planning, development and housing, said the cost of running the ALMO would have been more than the amount it received from government.” (*Inside Housing*, 22nd October 2004)

## Demand a formal ballot

If your council wants to set up an ALMO demand that every tenants receives a formal ballot paper – after a proper debate where everyone has heard both sides of the argument.

Tenants in existing ALMOs

should demand a formal ballot on reverting back to the council.

Councils have to be able to demonstrate evidence of ‘tenants support’ to the government. But some try and avoid a formal ballot and

use questionnaires or telephone surveys instead. Demand your councillors organise a ballot. It’s called democracy – don’t put up with anything less.

“We believe that the requirement for tenant

consultation and approval should be identical regardless of whether a Local Authority intends to go down a PFI, ALMO or stock transfer route.” (ODPM Select Committee Report on Decent Homes, 7 May 2004)

# Existing ALMOs: ‘revert back’ or risk privatisation

The battle over the future of council housing where ALMOs exist is hotting up. On the one side are tenants, trade unions and councillors arguing that once the Decent Homes money has been spent – and the ALMO has done the job it was set up for – the management of homes should revert back to the council.

This is what many tenants were originally promised and it makes sense. Keeping the private company running is expensive and eats up money that should be used on repairs and improvements.

But, as we predicted, the National Federation of ALMOs and powerful vested interests have other plans. They want ALMOs to expand their empire and take on new roles. They propose that ALMOs get a 35 year contract and government writes off council debts so that the ALMO company can be transferred into the private sector and

borrow on the private market. (ALMOs: A New Future for Council Housing, Housemark/ NFA/ CIH, April 2005). Crucially, this means ‘funder’s control’ of ALMOs by banks and building societies. “In the event of an ALMO failing financially the initiative would rest with the funders, rather

- “ALMO – it’s a ‘job and finish’. They were set up to achieve the Decent Homes target. Once they have done their job they are finished. Reverting back to direct council management shuts the door firmly against two-stage privatisation. Obviously any improved procedures and better tenant involvement under the ALMO can be adopted by the local authority.” Cllr. Chris Weldon, Cabinet Member for Neighbourhood Regeneration, Sheffield Council

than with a public sector body.” (UK Housing Review 2005/6)

The government is now trying to bribe ALMOs to move into the private sector with the offer that they will be allowed to build new homes. The result will be the same – what was once public and accountable would end up

- “Haringey’s Residents Consultative Forum passed a resolution against the controversial proposals of the National Federation of ALMOs, and called for the banning of any new private business ventures by Homes for Haringey at a meeting at the Civic Centre on 1st February. We will be working with tenants, trade unionists, Councillors and MPs around the country to make sure that these dangerous plans are stopped.” Paul Burnham, Haringey Defend Council Housing

private. Insist on a full debate in your area so that tenants can hear all the arguments before making a decision, and demand that housing management reverts back to the council once the Decent Homes work is complete. This would firmly bolt the door for good against two-stage privatisation.

- “Arm’s-length management organisations are facing an unprecedented challenge from a group of 50 local authorities that want to see ALMOs’ functions brought back in house. The founders of the Association of Retained Council Housing outlined their ambition to return ALMOs’ stock to their parent councils at the organisation’s inaugural meeting on Monday.” *Inside Housing*, 21 October 2005.

## ALMOs PAMPHLET COMING SOON

DCH is planning a pamphlet in conjunction with the European Services Strategy Unit at Northumbria University (continuing the work of the Centre for Public Services) to assess the ALMO experience from the perspective of tenants, trade unionists, councillors and MPs. We need your help.

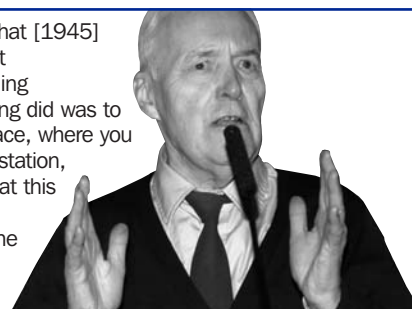
Answer our questionnaire, get your organisation to sponsor the pamphlet and order copies to stimulate the debate amongst tenants, trade unionists and councillors in your area. This pamphlet aims to bring together all the available evidence so that those in existing ALMOs considering their future and those being asked to set up new ALMOs can make an informed assessment.







I served as a backbencher under that [1945] government and one of its greatest achievements was the house building programme.... What council housing did was to transfer power from the market place, where you had to have money, to the polling station, where you had to have a vote. What this government is doing is transferring power from the polling station to the market place. It is destroying local democracy. **Tony Benn**



Labour Party conference in September 2006 agreed "...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" (Composite 10)

# Ask candidates to support council housing

Put these questions to the candidates for Leader and Deputy Leader of the Labour Party. 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?

## REASONS TO REJECT PRIVATISATION

- 1 Higher rents and service charges**
- 2 Tenants' security under threat**
- 3 No accountability**
- 4 Big profits and fat cat salaries**

<p>Stock transfer, PFI and ALMOs threaten our security, push up rents and charges, and weaken our say over our accountable landlord.</p> <ul style="list-style-type: none"> <li>● Stock transfer means your homes go to the private sector in one step. You lose your 'secure' tenancy, rents and charges rise and your home is run like a business, with banks</li> </ul>	<p>and highly-paid executives in the driving seat (see centre pages).</p> <ul style="list-style-type: none"> <li>● ALMOs were introduced in areas where tenants and councillors will not accept transfer. But don't be fooled – Arms Length Management Organisations are a two-stage strategy to privatise council housing. If they</li> </ul>	<p>have extra money for ALMOs why not for councils direct – unless privatisation is their real agenda?</p> <ul style="list-style-type: none"> <li>● PFI means a multinational private consortium running your estate for 30 years! PFI in schools and hospitals has been a disaster. Profits come first, with massive</li> </ul>	<p>delays, spiralling costs and standards of work and specifications cut.</p> <ul style="list-style-type: none"> <li>● Organise a campaign against transfer, ALMO or PFI in your area. Demand a formal ballot and insist the council organise a fair and balanced debate so tenants hear both sides of the argument.</li> </ul>
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It is vital that councils are given the resources to build new houses and maintain and invest in existing housing stock.



82% of Labour Party members polled believe "funding should be available to local councils to build low-cost council housing on the same basis as housing associations". There is no more important debate than the future of council housing. We are winning that debate – together we can secure the 'Fourth Option'. **Jon Cruddas MP**

## Council housing: A popular solution to housing need today

**Politicians deliberately stigmatise council housing to hype up support for home ownership.**

But Shelter's research showed 72% put 'affordability' and a 'safe neighbourhood' above 'ownership' in their priorities. Parliament's Public Accounts Committee found Low Cost Home Ownership was bad value and didn't reach the target audience – only 15% were ex council or RSL tenants. Many shared ownership and key worker schemes

are unaffordable and undersubscribed despite hefty public subsidies.

Demand for council housing is strong. 1.63 million households are on council housing waiting lists including large numbers of people in employment who could help recreate 'mixed communities' on our estates.

"All over the country, ROOF found the most desirable homes are social and rented. And the people queuing up to be council tenants are

not all poverty stricken and with multiple other problems. In Birmingham, 248 households bid for a two-bedroom house in Handsworth, 89 of whom had no priority. In Edinburgh, a single property attracted more than 800 bids... In Sheffield, 433 applicants were made for one house, with under half considered 'priority applicants'. In Leeds, 477 people applied for a three-bedroom home. Just under half actually qualified." (Shelter's *Roof* magazine May/June 2007)

If you've got a ballot coming up, fight like hell to persuade people to vote NO – the more people who reject it the better chance we have of turning over this stupid policy...



These apparently New Left thinkers say that what is needed is insecurity of tenure. I bet they're not insecure in their tenure! There's one simple straightforward answer – we don't have enough houses in this country, so build the bloody things! **Frank Dobson MP**