



**Austin Mitchell MP
House of Commons
London SW1A 0AA**

5 March 2004

Dear Sir/Madam,

I am writing on behalf of the newly formed 'Council Housing' group of MPs to ask whether your authority would support the proposal for a 'fourth option' of an investment allowance to improve council homes as an alternative to stock transfer, PFI or ALMOs?

In August 2002 the Office of the Deputy Prime Minister (ODPM) issued a consultation document 'The Way Forward for Housing Capital Finance'. This included a proposal to "Provide councils with an 'investment allowance' as part of the calculation of their HRA debt."

"The 'investment allowance' would be an amount calculated on the basis of some assessment of need which would provide 'headroom' within the HRA which an authority could use to take advantage of the new prudential borrowing regime. This would compensate for the fact that headroom to support additional borrowing will generally be less within the HRA than the General Fund."

'ODPM: The Way Forward for Housing Capital Finance', Page 12, 32 (ii), August 2002.

http://www.odpm.gov.uk/stellent/groups/odpm_housing/documents/page/odpm_house_601718.pdf

An investment allowance would enable local authorities to carry out repairs and improvements to their homes. This, we believe, would give tenants real choice in the stock options appraisal that the ODPM wants all councils to carry out.

The ODPM Select Committee is currently carrying out an enquiry into 'decent homes', 'stock options' and 'tenants choice'. Our group submitted written evidence. On January 28th the committee took oral evidence from the Housing Minister, Keith Hill. The Minister was asked about the 'investment allowance' option and surprised members of the committee by stating:

"we floated this proposal [for an investment allowance] in our earlier consultation two years ago and there were simply no takers"

Keith Hill, ODPM Select Committee 28 Jan 2004

The 'Council Housing' group of MPs would like to collate evidence to demonstrate that this option has the support of many local authorities.

I hope you can let me know as soon as possible whether your authority did respond to this earlier consultation, what its view was then and whether you would welcome a new 'fourth option' today.

Yours sincerely,

Austin Mitchell MP
Chair 'Council Housing' group of MPs

THE 'FOURTH OPTION'

Direct investment in council housing



The 'Council Housing' group of MPs is calling for evidence of support for a 'fourth option' - direct investment in council housing as an alternative to stock transfer, PFI or ALMO - to give tenants real choice.

Yes/No Are you personally in favour of the 'fourth option'?

Yes/No Do tenant organisations and trade unions in your area support the 'fourth option'?

Yes/No Does your local authority support the 'fourth option'?

Yes/No Could you provide written/verbal evidence to the MPs group?

Yes/No Has your authority so far adopted a 'stock option' and if so what and why?

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Name

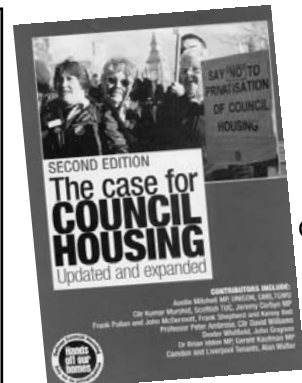
Position/Organisation

Address.....

Tel No..... Email.....

Please complete and return this questionnaire - providing supporting evidence if possible. Send to Austin Mitchell MP, bring it to the meeting (below) or hand it to representatives of Defend Council Housing at the conference or the APSE fringe meeting on Saturday 6.30pm.

Come and give evidence
11.30-1.30pm
Saturday March 13
FRIENDS HOUSE, MOUNT ST just up the road from GMEX
Speakers: Brian Iddon MP, Mick Graham (GMB) and Alan Walter (Defend Council Housing)
DCH will also be collecting evidence at Friends House on Saturday 5-6pm and then at the APSE meeting on the 'fourth option' at 6.30pm



DCH pamphlet. 76 pages with contributions by tenants, trade unionists, MPs and academics. Covers the financial arguments against stock transfer, PFI and ALMOs and puts the Case for Council Housing.

Essential reading. Individual copies £5

130 MPs signed the last EDM in Parliament. Ask your MP to sign EDM 430 'Investment & choice for council tenants'