

# Lambeth Defend Council Housing



# Vote NO to ALMO

JUNE 2007

**LAMBETH COUNCIL WANTS TO transfer the management of our homes into a separate, private company called an ALMO (Arms Length Management Organisation) – it's part of the government's two-stage strategy to privatise council housing.**

The government know that tenants in areas like Lambeth won't agree to a straight sell-off. That's why they came up with this ALMO formula. They hope that if they can get us to agree to the council setting up a private company to run our homes it will be easier to complete the process in a second stage.

But a growing national campaign is demanding the 'Fourth Option' of Direct Investment as an alternative to privatisation. We've now got Gordon Brown, the next Prime Minister, and candidates for the Labour Party deputy leader talking about the importance of council housing.

Now is the time to step up the pressure – not allow Lambeth Council to sell us short.

We all want improvements, but not at the risk of privatisation. If Lambeth tenants Vote NO to the ALMO it will increase the pressure on Ministers to agree Direct Investment.



There is no guarantee the ALMO will bring in extra money. ALMO funding is dependent on achieving a two-star rating (Lambeth only has one star now). Earlier ALMOs are being told to put back their work programmes, leading to complaints from tenants. And the more recent ones, including Lambeth, have not been given any definite allocation of funding, even if they obtain two stars.

The council could spend hundreds of thousands on setting up the new company, with all the risks, and still

not be any better off. It's a con.

Lambeth Council have got more resources than they're telling us about (see inside for details). By voting NO we can keep our homes safe for future generations in public ownership and democratic control, have the most urgent work that we need done, and help persuade the government to give us the remaining money without two-stage privatisation.

**RESIST THE BLACKMAIL  
Vote NO to ALMO**

## THERE IS AN ALTERNATIVE DIRECT INVESTMENT IN COUNCIL HOUSING

ANY 'NEW' MONEY THAT'S PROMISED to the ALMO is public money – there's no financial reason why government can't give the £200m+ that's on offer for the ALMO to Lambeth Council direct. Ask yourself: why can't the government give the extra money to the council direct – as tenants are demanding? Is it because they have a privatisation agenda?

Lambeth tenants are not alone in demanding Direct Investment in our homes. A campaign of sustained

opposition to privatisation of council housing from tenants, trade unions, councillors and MPs has concentrated minds at the highest level of government. As *Inside Housing* magazine reported recently:

"An internal Labour working group... set up in the wake of a second conference vote in favour of direct investment in council housing, is in the closing stage of negotiations with party members and ministers... The group was set up after the party

suffered crushing defeats over its housing policy when members voted for a so-called 'Fourth Option' for council housing" (30/03/07)

And the *Daily Mirror* reported that "Gordon Brown is ready to launch a new era of council house building when he takes over as Prime Minister." (02/05/07)

Now is the time to say NO to the blackmail and step up the pressure on government to give us Direct Investment in our homes.

## ALMO = TWO-STAGE PRIVATISATION OF COUNCIL HOUSING

### 8 REASONS TO REJECT ALMOS

- 1** This government wants to privatise council housing – ALMOs are a key part of their strategy
- 2** There is no guarantee that a Lambeth ALMO will get the promised new investment – it's a big risk
- 3** Elected councillors will no longer be accountable for what happens to our homes – it's a recipe for excuses
- 4** Tenants on the board will not be allowed to represent our interests – their hands will be tied by company law
- 5** A separate private company means less co-ordination between housing and other services – when we need more!
- 6** Massive amounts will be spent on consultants, re-organisation and higher pay for senior managers
- 7** Housing workers' terms and conditions will be less secure. Staff turnover and demoralisation will affect the service
- 8** Winning Direct Investment without strings is worth fighting for. This campaign can win!

### A FAIR AND BALANCED DEBATE?

This broadsheet was entirely written by council tenants and funded by trade unions in Lambeth. Lambeth Council, employing consultants Bridge Group and PPCR, are spending **one million pounds** of our rents on their one-sided propaganda. The council have refused to allow us a fair debate and have even tried to deny us a democratic ballot! What are they afraid of?

This publication has been certified **FREE FROM ADDED PROFIT**  
No highly paid consultants, senior managers or ambitious politicians have been involved in this broadsheet



I do not see ALMOs as the best way to improve housing in Lambeth. Consultants are being paid a fortune and those running the ALMO will not be accountable to the tenants and leaseholders. Paying overtime to officers to go out and persuade tenants to vote for the ALMO is outrageous when minor repairs are not even being done. Now is the time for the council to be demanding Direct Investment in the building of more council homes and the improvement of its stock. Under a Gordon Brown government I am confident there will be more money for council homes. An ALMO is not the way forward for Lambeth. It is bureaucratic, expensive and undemocratic." **Kate Hoey MP for Vauxhall, speaking in Parliament**



## Going ALMO – it's not worth the risk...

### RISK OF NOT GETTING ANY MONEY

● Unless an ALMO gains a "two-star" rating the government won't give them the extra funding. At the moment Lambeth only has one star.

● For example, Lewisham, a one-star authority who formed an ALMO last year, have not been able to get up to two stars. As a result, because they had expected and budgeted for getting extra funding from the government, they have had to make major cuts to their repair budget and close offices. (Information from Lewisham UNISON)

● On top of that, the government is refusing to announce whether any recent ALMOs are to get money at all. Earlier ALMOs are being told to put their spending back.

● For example, "Tenants in Newcastle have become so concerned at the failure of the government to agree funding to improve their housing they have fired off a letter to the [Department for Communities and Local Government]. 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*, 18/05/07)

### RISK OF FAILURE

● The ALMO contract only lasts for five years. What happens then? If the ALMO fails, there is no guarantee that Lambeth Council will take it back in house. In Salford, for example, where the ALMO failed to gain enough stars, the council is now pushing stock transfer and PFI.

● Some of the country's flagship arm's length management organisations are being forced into job cuts and office closures, according to *Inside Housing*: "Hounslow Homes, which finished its decent homes work earlier this year, told *Inside Housing* that it would have to make efficiency savings or reduce its service to residents because of reductions in its income. It was inevitable that some jobs would be lost,

Hounslow Homes said in a statement. Gordon Perry, chief executive of Kensington & Chelsea [ALMO], has already informed its tenants that once decent homes funding comes to an end there will be 'insufficient money to maintain your homes in their current state'. Derby Homes has closed two housing offices and looked at shutting a further nine to 'enable a balanced budget to be prepared'. And Citywest Homes has told Westminster Council that its expenditure was likely to overtake its income by 2010/11 due to a predicted £16 million drop in housing revenue account subsidy over the next five years." (*Inside Housing*, 08/12/06)

### RISK OF PRIVATISATION AT A SECOND STAGE

● As we predicted, powerful vested interests (such as the National Federation of ALMOs) are now developing plans to privatise ALMOs at their second stage. They want ALMOs to expand their empire and take on new roles. They propose that ALMOs get long-term 35 year contracts, 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 than with a public sector body." ('UK Housing Review', 2005/6) If these plans are approved by government, then the ALMO could be effectively privatised, without a tenant ballot.

● 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*, 31/10/05). Other ALMOs are already looking at contracting out services and demolishing estates.

# THERE IS A

**WE SHOULD DEFEND and improve council housing for our children and for future generations – it's their right as well as ours.**

### THE MONEY'S THERE

Tenants pay more than enough in our rents for all the repairs and improvements we need; the problem is the government robs our rent accounts, and then has the cheek to offer us some of the money back – but only if we accept an ALMO!

If the Lambeth ALMO can be given more than £200 million then why can't the government give the same to Lambeth Council direct? It wouldn't make a penny of difference to public borrowing rules, and we could have the investment we need without the risk of two-stage privatisation. This is what we call the 'Fourth Option'.

### THIS CAMPAIGN CAN WIN

In Lambeth the Tenants Council, Leaseholders Council, and a number of Tenants and Residents Associations (TRAs) have questioned the council's plans to bring in an ALMO. Over 200 people attended a special conference about the 'Fourth Option' in October, with dozens of contributions from the floor condemning the council's plans. The campaign is growing in strength every day as the truth about ALMOs is heard by more and more tenants, and recently 150 people attended a campaign meeting in Lambeth Town Hall.

Tenants in Lambeth are not alone in demanding Direct Investment without strings. All over Britain tenants are opposing the government's 'three options' – stock transfer, Private Fi-

nance Initiative (PFI) and Arms Length Management Organisations (ALMOs)

Many of the biggest trade unions are supporting the campaign (Amicus, CWU, GMB, PCS, RMT, TGWU, UCATT, UNISON) on behalf of their members who work in local government and their members who are council tenants or who need council housing.

The Select Committee of MPs which oversees housing questioned the benefits of ALMOs and demanded a level playing field for councils to be able to invest in their own stock.

More than 250 MPs have signed one of several Early Day Motions in support of Direct Investment in council housing. A significant number of MPs joined the campaign for the first time last year.

A big campaign by tenants backed by trade unions and sympathetic councillors, MPs and others is forcing the government to listen, and we have already won concessions.

### HELP PUT PRESSURE ON THE GOVERNMENT

Last year Ruth Kelly, Secretary of State at the Department for Communities and Local Government (DCLG), began a pilot study with six councils to look at new housing finance arrangements that would allow councils to do more improvements themselves.

In September 2006 the Labour Party conference voted for the third year running for the 'Fourth Option'. *Inside Housing* reported on 30th March this year:

"A long-awaited compromise between the Labour leadership and grass

**The government desperately hopes to into submission. But around the country are fighting back. We want the improvement. Resist the blackmail. Join the national**



**Lambeth tenants campaigning against**

## The Case Against ALMO...

**TWO-STAGE PRIVATISATION**  
ALMOs (Arms Length Management Organisations) are a two-stage strategy for privatisation.

The government have openly admitted that they want ALMOs to move on to a second stage. "Arms-length management organisations could take over ownership of council homes by 2006 under radical new proposals drawn up by the Office of the Deputy Prime Minister" (*Inside Housing*, 03/09/04).

No one can seriously doubt that this government's agenda is to privatise council housing. Their last election manifesto had a target of transferring 200,000 homes a year for ten years. Arms-length companies were

originally used by the Tories to privatise local authority bus services in the mid 1980s. They have also been used to wrestle leisure, social services and waste management away from local councils. In 2000 the government started pushing ALMOs for housing when they recognised they had no hope of persuading the majority of tenants – especially in inner city councils – to accept sell-offs via stock transfer.

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

The big bribe is extra government money. But 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?

### LOSS OF DEMOCRACY

At the moment we have a direct democratic relationship with our landlord – we get to vote them out every four years at the ballot box. With an ALMO elected councillors will no longer be accountable for what happens to our homes. It's a recipe for excuses.

ALMOs claim that tenants will be 'empowered'. But tenants have no more say in ALMOs than they do in

“ I have been a council tenant since 1973 and appreciate being a secure tenant. I have no confidence in a private company taking over my home. I defend council housing as people such as myself depend on the council to house us in times of need. Put people first and Vote NO To ALMO!”

**Joyce Wilson,**  
tenant rep,  
Bowlands  
estate



“ The staff who work for Lambeth Council are not opposed to change – we all want to improve the service we provide to residents – but we do not believe that rushing to an ALMO is the way to provide what residents want and need. An ALMO would remove hundreds of staff from the direct employment of Lambeth Council. Lambeth Council are trying to repress a full debate by ordering staff to tear down posters demonstrating opposition to the ALMO. The fact that many Defend Council Housing posters are still visible across the borough shows that it is not only residents who do not want the ALMO – staff do not either.”

**Jon Rogers, Branch Secretary,**  
Lambeth UNISON



# AN ALTERNATIVE

That ambitious councillors and senior council officials will bully tenants try tenants with the support of trade unions, MPs and councillors too. We don't want a private company running our homes. Campaign to win direct investment – with no strings attached.



Vote NO to ALMO

roots members over the future of council housing is set to be launched at the party's conference this autumn. ... An internal Labour working group... set up in the wake of a second conference vote in favour of Direct Investment in council housing, is in the closing stage of negotiations with party members and ministers over the content of the final report. Its conclusions could become government policy at the 2007 annual conference, if ratified by party members. ... The group was set up after the party suffered crushing defeats over its housing policy when members voted for a so-called 'Fourth Option' for council housing ... ministers are understood to be keen to avoid a fourth loss in a row at this year's conference, the first for the successor to prime minister Tony Blair.”

It is clear that a campaign of sustained opposition to privatisation of council housing has concentrated minds at the highest level of government, with reports that “Gordon Brown is ready to launch a new era of council house building” (*Daily Mirror*, 02/05/07).

But we need to keep up the pressure. A strong campaign in Lambeth has now forced the council to agree to a ballot on the ALMO. If tenants in Lambeth resist the blackmail, vote NO, and add our voices to the call for change, then it will add to the pressure on government.

Council housing may not be perfect but it is worth defending, for us and for future generations.

**Resist the blackmail!**  
**Vote NO to the ALMO**

## LAMBETH COUNCIL HAVE SUBSTANTIAL RESOURCES

**THE COUNCIL CLAIM THAT OUR homes will fall apart without an ALMO. But that's not true.**

In their ALMO bid in July 2006 Lambeth reported 68% of our homes already met the Decent Homes Standard (DHS).

Before the May 2006 election the council was committed to “keeping the vast majority of homes in public ownership” under “direct democratic management” (report to Council Executive 11/10/04).

And that's what Lambeth residents want. In 2001 the tenanted Housing Investment Commission concluded: “Arms-Length Management Companies... did not offer a whole borough solution.” They recommended Lambeth Council keep and manage its housing stock, and demanded the council improve its housing management service.

Residents and all political parties in the council supported this policy of ‘positive retention’.

**What about the money?**

In 2004 Lambeth said it needed £45 million to reach DHS. They agreed a plan to meet that gap, including ‘Reframing’ their housing management.

In July 2006 a newly elected council told us the gap had widened to £197m. They said ‘Reframing’ had not saved money. In their revised ALMO bid to government they

claimed £239m was needed to reach Decent Homes by 2013. A massive increase! What are we to believe?

In their pro-ALMO propaganda the council never tell us about the £170m they already have to spend towards reaching Decent Homes. Major work is being done: 39% of council homes needed to be made decent at April 2004 (Lambeth statutory returns); by 2006 that figure was down to 31.08% (report to Cabinet, June 2007).

And there are a number of ways that Lambeth Council could increase the money available to improve our homes without the risks of an ALMO:

**Spend Right-to-Buy receipts on council housing**

Money from right-to-buy sales belongs to council housing but the government grabs 75%. And the 25% Lambeth keeps is not spent directly on our homes. If it had been an extra £85m could have been invested from 2001-2006.

**Stop wasting our money**

Tenants want Lambeth to spend our rent money more efficiently, not waste it on expensive consultants and endless reorganisations. The council lost £2.8 million as a result of fraud by a rogue contractor in 2005 and spent another £0.8m investigating it. The housing department wastes £4.6m a year on consultants, that's £17,838 of our money every day!

**What Lambeth Councillors should do**

Stop trying to persuade residents to accept a costly ALMO with no guarantee the council will be allowed to borrow £239m. Lambeth should join the 124 local authorities across the country who are keeping and managing their homes.

The money is there. The government should ring fence all income from tenants' rents and capital receipts and spend it on housing. They should write off debt and gap funding for councils just as they do for stock transfers; and build more council homes.

Our councillors should be campaigning with tenants for Direct Investment in council housing – the ‘Fourth Option’.

housing associations – all the same problems apply (see back page)

As with any private company it will be the senior managers who call the shots. Real tenants' power is what happens when democratically elected politicians have to listen to our collective voice.

**SEPARATE PRIVATE COMPANY MAKES NO SENSE**

The government claim that services improve by separating strategic functions from housing management. There is no evidence to support this. “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.” (‘Decent Homes’, ODPM Select Committee Report,

07/05/04)

In reality, the separation of functions between the ALMO and the housing department creates all sorts of possibilities for confusion and conflict. Adding an extra layer of management and bureaucracy isn't going to solve the problems in Lambeth. It means more opportunities for buck-passing and can only make things worse.

Hiving off housing into a separate company will make co-operation across council departments more difficult. Housing has a direct effect on our health and our children's education. It will make ‘joined up thinking’ more difficult when housing managers are following a separate ‘company agenda’.

**HIGH SET UP COSTS**

ALMOs have spent tenants rents on

new corporate images and logos. Leeds spent an extra £1 million on managers alone. Ashfield's ALMO cost £2 million to set up.

The set-up costs for the Lambeth ALMO are currently estimated to reach at least £1 million: much of which is to be spent on glossy marketing campaigns. All of this is money which could and should have been spent carrying out repairs on Lambeth properties.

**SERVICES CAN ONLY GET WORSE**

In Lambeth, management are claiming that the creation of an ALMO will “refresh” the housing department and magically transform it into a two-star service. This is patronising to staff, who have had to cope as services are stripped back through reorganisation

after reorganisation. Staff and tenants know what will provide better performance: management should listen to us before ploughing ahead with projects like Reframing.

The experience of other ALMOs shows that an ALMO is likely to worsen terms and conditions for staff, perhaps getting them to sign individualised contracts in return for giving up collective bargaining and other rights. Ashfield Homes, for example, gave notice on the 14th May 2007 that they were breaking away from the National Terms and Conditions for employees. An ALMO might also employ new workers on reduced terms and conditions. Staff demoralisation and turnover can only lead to worse services for residents.

# Lambeth Defend Council Housing

“ I am voting against the ALMO because it is a dangerous first step to

privatising Lambeth's council stock. Instead of wasting £1 million trying to persuade tenants to hand over the management of our homes to a private company, Lambeth Council should join other local authorities, MPs, and trade unions to demand the government provides the 'Fourth Option' of Direct Investment in council housing. If money is available for an ALMO then it should be given directly to the council. We all need a decent, affordable and secure council home. That can only be delivered efficiently by Direct Investment.” **Jean Kerrigan, Chair, Brixton Area Housing Forum**



“ We have got to defend council housing not just for us but for the 1.5 million nationally on council waiting lists. If I went on the ALMO Board, I would have to sign a secrecy clause putting the interests of the private company before tenants. I won't do that because my first priority always has been and always will be the tenants.”

**Jean Haley, Chair, Central Hill TRA, Upper Norwood**



## Tenants will have less power under an ALMO

**THE COUNCIL CLAIMS THAT having tenants on the ALMO Board will give tenants more power. This is a con!**

The shadow board elections in Lambeth have been a farce. Some areas had no candidate at all and some had only one; in some places they've had to hold elections twice and they've muddled up who's standing where.

The biggest insult to tenant power in Lambeth has been that the council tried to impose the ALMO without a ballot! But our campaigning has forced them to hold a ballot after all - that's real tenant power.

At the moment individual tenants and tenants associations can lobby their local ward councillors and vote them out every four years at the ballot box.

With an ALMO, there will instead be a Board of Directors with a few



token tenants. But they won't have a majority and their hands will be tied by company law.

Tenants who sit on the boards of ALMOs and Housing Associations find they are gagged. They are constantly told the information they receive is 'in confidence' and they can't publicise it. Many who have spoken out for the interests of tenants

“ For 30 years we have had no investment in our area - now suddenly there is money for ALMOs. If there is money for new private companies why can't they spend it directly on our homes instead?” **Cathy Butler, Chair, Bloomfield TRA**

“ Lambeth set up an ALMO called United Residents Housing on our estate in November 2006, without even giving us the chance to vote. URH hasn't been able to get two stars yet - they have had to ask for their inspection to be postponed until July 2008. We don't know if we'll ever get the promised improvements. How dare Lambeth Council justify spending thousands of pounds on setting up this private company when residents have leaky roofs, draughty windows and inadequate plumbing and heating?” **Colin Gill, tenant, Loughborough estate**

“ The council is trying to bribe us with the promise of government money. What about people like us who have fought for council housing? - poorer people will be pushed out because private companies don't care about us - they only care about money.”

**Valerie Lindo, tenant, north Brixton**



“ I have been a Lambeth tenant all my life and I am opposed to ALMOs because opening the door to private companies is an attack on the principle of council housing.” **John Friel, Central Hill Estate**



“ I understand that I will keep my secure tenancy in the short term, but I am worried about the longer term - I don't want to rely on a private company for my security.” **Ravindran Jamieson, Mawbey Brough estate, Stockwell**



“ I am voting NO to ALMOs because I don't want a private landlord - which is where we will eventually end up if ALMOs come in.” **Clyde Steadman, tenant, Myatts Field South**



# USE YOUR VOTE

**The council would like tenants to believe that the outcome of this ballot is inevitable - it isn't. Tenants in more and more ballots are Voting NO. Each NO Vote adds to the pressure on Ministers to agree the 'Fourth Option' of Direct Investment in council housing. Help us to get a big NO Vote in Lambeth. Use your vote - every vote counts.**

## Is this a 'fair and balanced' debate?

**IT IS WRONG that the council is using our rents to pay for its glossy pro-ALMO campaign.**

Hundreds of thousands of pounds are being spent promoting the ALMO, with glossy leaflets, a dedicated team of consultants to go round talking to tenants, promotional DVDs, full-colour newspaper pull-outs and advertisements on buses. Money that could be spent doing the repairs we need!

By contrast, those opposing the ALMO have to rely on donations from union branches, tenants'

associations and individual tenants, and on the many residents supporting the campaign to deliver leaflets and knock on doors.

If the council really cared about what residents wanted they would give equal resources to both sides to enable a free debate about the issues, in the true spirit of democracy.

Don't you think there is a conflict of interest when the senior managers who are pushing for an ALMO are likely to benefit personally from pay rises if the new company is set up?

## This campaign needs your help!

It's wrong that the council are spending our rent money on their propaganda and trying to make out there is no alternative to the ALMO. Lambeth DCH can't use public funds and relies on donations. Please help us to help you reach an informed decision about the future of your home:

● Distribute this broadsheet to every council home in your area

- Put up posters on your estate and in your window
- Organise a meeting and invite a speaker from the campaign to debate with the council so all tenants can hear both sides of the argument
- Raise money to pay for the campaign; any donation will be appreciated, no matter how small
- Most important... talk to your family, friends and neighbours and get them to VOTE NO

### PLEASE CONTACT US

Write: Lambeth DCH, 10 Hector Court, Caldwell Street, SW9 OHF

Tel: 020 7095 1227 Email: [info@lambethdch.org.uk](mailto:info@lambethdch.org.uk) Web: [www.lambethdch.org.uk](http://www.lambethdch.org.uk)

**For more information contact the national DCH campaign: [www.defendcouncilhousing.org.uk](http://www.defendcouncilhousing.org.uk)**

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# Demand Direct Investment in our homes!