

# ELECTION BRIEFING

from the 'Tenants Convention', Barnsley 2001

## PRIVATISATION OF COUNCIL HOUSING - DO YOU KNOW WHERE YOU STAND?



### KEY ISSUES FOR CANDIDATES TO CONSIDER

- There are nearly 4 million council tenants in England, Wales and Scotland
- The last Conservative government started selling off council homes and left a £19 billion backlog of council housing repairs
- Since 1997 the Labour government has privatised more homes than the Tory government
- Labour proposes to privatise 200,000 more homes per year for ten years - effectively ending council housing
- Council tenants and trade unionists working for local authorities are fighting to defend council housing
- The 'Manifesto for Council Housing' has been produced by an historic alliance of tenants, trade union and campaign organisations to demand 'Stop Privatisation - Invest in Council Housing'
- Candidates who want the support of council tenants and trade union members should 'sign up' to support this manifesto

Ask all candidates from all parties where they stand



{ We've gathered together a substantial army who believe in council housing and are against privatisation. Let us start making the agenda, putting forward what we are for: investment in council housing, the principle of belonging to a local authority and voting for our landlord.~

**Alf Chandler, chair TAROE**  
(Tenants & Residents Organisation of England)

This briefing originates from a discussion involving representatives from more than 20 Tenants Federations who took part in the 'Feds Convention' held at the Northern College, Barnsley March 30th - April 2nd 2001.

Produced in co-operation with Defend Council Housing.

### SECURE AND AFFORDABLE

Council housing is the biggest and most popular form of rented housing in Britain. There are nearly four million council tenants in England, Wales and Scotland.

The vast majority (78%) prefer renting from the council rather than any other landlord, according to a British Social Attitudes Survey (BSAS) published in November 2000. Housing association tenants are less keen on their landlords. Indeed one in four housing association tenants (27%) would prefer to rent from the council.

Council tenants have

greater security of tenure than other tenures, generally lower rents, flexibility about moving house, collective services and crucially, democratic control over our landlords and some accountability through locally-elected councillors.

If money was no object, according to the BSAS most people (87%) would buy their own homes - but that's a big 'if'! For many of us renting a council home is the most secure and affordable option, and we prefer it. We know it is far from perfect, and that's why we are campaigning to improve it.

### A MANIFESTO FOR COUNCIL HOUSING

#### STOP PRIVATISATION - INVEST IN COUNCIL HOUSING

- first class council housing - decent, affordable, secure and accountable
- tenants keep security of tenure - no watering down our rights
- do the repairs, improve our estates - clear the £19 billion backlog with no strings attached
- well-managed, good quality housing services - guarantee proper jobs, with security and training
- build new council homes to meet housing need
- a tenants' vote on any changes - honest debate and equal funding for tenants' organisations and campaigns
- spend our rents on our homes - not on fat cats, consultants and Daylight Robbery

HAVE YOU  
'SIGNED UP'  
TO OUR  
MANIFESTO?



For further information on the 'Manifesto for Council Housing'

contact any of the sponsors or

DCH PO Box 33519, London E8 4XW tel: 020 7275 9994  
info@defendcouncilhousing.org.uk; www.defendcouncilhousing.org.uk



1500 council tenants and trade unionists lobby Parliament in January

'I spent a considerable part of my life improving conditions for Council tenants. If we transfer all our Council homes, we will live to regret the day. It will cost the public purse more in the end as rents go up along with the Housing Benefit bill.'

*Brian Iddon MP (Labour, Bolton SE)*

'Council housing improves accountability'

*Hilton Dawson MP (Labour, Lancaster and Wyre)*

'For anyone to build a decent life, they need a home. The Manifesto for Council Housing charts a way to ensuring that people of all backgrounds and incomes can enjoy the security of a roof over their head.'

*Nigel Jones MP (Lib Dem, Cheltenham)*

"We have a housing shortage crisis on the scale not seen since the Second World War. Now is the time to be building council houses not selling them off."

*John McDonnell MP (Labour, Hayes and Harlington)*

'The Manifesto for Council Housing is virtually identical to our own policy. I'm therefore pleased to endorse your campaign for housing justice and wish you every success.'

*Chris Ashby, (Green Party PPC Islington North)*

'Everyone needs a roof under which to sleep. Everyone cannot afford to buy one. Everyone should strive to ensure that Everyone has one. Q.E.D.'

*Frank Cook MP (Labour, Stockton North)*

'We've seen what privatisation has meant in other services.

Decent, affordable, secure and accountable council housing is a right we must defend. Hands off our homes'

*Brian Wilson, (Socialist Alliance PPC, Sheffield Brightside)*

'The stepping up of activity on council estates by opponents of the scheme, has caused a noticeable change in official Labour Party briefings to MPs... By the time of the lobby of Parliament on 24 January organised by the Defend Council Housing campaign, the emphasis was on "significant" increased spending on council housing and its long-term future.. This shift in favour of council housing comes with the growing realisation that stock transfer is not too popular with tenants.'

*Lynne Jones MP (Labour, Birmingham Selly Oak)*

'We've had PFI for hospitals. The same for schools, the disaster of the railways and now council housing as well. We've got to stop it. Privatisation destroys the heart of democracy. If this goes on why have elections, why not just put seats out to tender?'

*Tony Benn MP (Labour, Chesterfield)*

**QUESTION: WHAT IS THE TORY PARTY'S POLICY ON COUNCIL HOUSING?**

**ANSWER: THEY WANT TO GET RID OF IT IN THE QUICKEST POSSIBLE WAY.**

Since 1980, when 'Right to Buy' was introduced, council stock has been going down and not replaced with new council homes. Housing privatisation has reduced even further the number of council homes available.

We say councils must now be allowed to borrow and build new homes at affordable rents to satisfy housing need.



'UCATT are confident that as more and more Labour politicians declare their support for the Manifesto for Council Housing, we will see a significant shift in the government's housing policy. All those associated with the Manifesto must continue to take the argument for decent affordable social housing to the very highest level.'

*George Brumwell, General Secretary UCATT*



'Privatisation is the GATS agenda pursued around the world by the World Trade Organisation, the World Bank and the International Monetary Fund. They are trying to take away gains working class people have won through decades of struggle. Defending council housing is just one battle front where we have to fight and stop them.'

*Alan Walter, Defend Council Housing National Committee Member*

## What THEY say

### GREEDY

'Lenders will be looking at how they get their money back if things go really pear-shaped...In the past as a last resort we would always say "put rents up"'

*n Ceri Richards, head of housing finance, Halifax bank*

### UNDEMOCRATIC

'They [Defend Council Housing] do not have the resources that we have in terms of going to tenants on the doorstep.'

*n Dennis Minnis, cabinet member for housing, Birmingham*

### OVER-RESOURCED

'Two days to shoot first video. Fortunately, the weather is kind. Two newsletters out. Brief local and regional media - don't want hysterical coverage. All our frontline staff trained...80 staff out on the knocker and 63 percent of tenants seen. 13 hour days. Weekends occupied by radio interviews, second video shoot...'

*n David Rigby, former director of housing, Tameside (now head of technical services, New Charter Housing Trust Ltd) describing the council's pro-transfer campaign*

### MANIPULATIVE

'Early on in the campaign, the council tried using local radio to get information across. But this backfired: in the interests of balance, the station would always invite the opposition to comment...Ideally, we would have stratified our market and put out different messages for each audience. But it is difficult, we didn't really have enough information about tenants to do that.'

*n Howard Farrand, chief executive, Whitefriars Housing Group (Coventry)*

### ARROGANT

'[For the government] to say to housing associations that "not only are you being regulated but we are actually going to tell you how to run your business by telling you what you can charge", is a problem.'

*n Clive Barnett, head of housing finance, Royal Bank of Scotland group*

### PROFITEERING

'In five years time the [social] housing market will not be £15 billion, my guess is that it will be £40-50 billion... If this was a sector where I thought this new, enlarged grouping was not going to continue to make a big impact, I do not see why I should be doing it.'

*n Clive Barnett, head of housing finance, Royal Bank of Scotland group*

### REVEALING

'RSLs offer services to the public, but are in the private sector and are used to competition. A few would appear in the FTSE 250 if they were quoted.'

*n Peter Fanning, chief executive 4Ps (local government owned) public/private consultancy*

# THE MAIN ARGUMENTS

- Privatisation means loss of security, higher rents and no accountability.
- Council housing is a publicly-owned asset worth £40 billion. If it is sold homes and the land they are built on can never be replaced.
- The privatisation of water, gas, electricity and rail has led to asset stripping on a massive scale and the undermining of public services.
- An overwhelming majority of British voters now oppose privatisation: 76% support renationalisation of the railways (ICM poll March 2001).
- Council tenants want to stay as council tenants. Councils only win ballots by claiming a 'no' vote will mean no repairs, no improvements, no investment.
- £25 million was paid to consultants, lawyers and public relations firms to 'sell'

privatisation in 1998/9. Glasgow council planned to spend £13 million to push through privatisation.

- Tenants opposed to privatisation have no funding and no automatic right to put their case. If the government was genuinely committed to a fair and democratic debate - and real tenants' choice - they would make available equal funding to tenants opposed to privatisation to put the case for council housing.
- Private Finance Initiative (PFI) is proving to be a recipe for private companies to extract guaranteed profits out of public funds, over unprecedentedly long contract periods. PFI is not 'value for money' - it is profits for multinationals.
- Only government regulations stop councils raising money to invest in council housing. Current budget surpluses could

easily provide the necessary investment.

- Councils can borrow more cheaply than other types of landlords, with preferential rates of interest.
- High quality, affordable council housing is more cost effective than privatisation, which pushes up the housing benefit bill and threatens housing provision for the most vulnerable.
- Privatisation of council homes and housing services threatens jobs and standards of service. Guarantees are worthless if RSLs get into financial problems or if ex-council employees are made redundant. The effect of privatisation in other services has been devastating for proper jobs, training and apprenticeships.
- Public services represent a long-term investment - privatisation is driven by profits, short-term financial gain.

## BACKGROUND

The Tories privatised around 325,000 council homes up to 1996. Council housing was starved of investment, new building stopped and an enormous repairs backlog developed. Rents were siphoned off to subsidise housing benefit, through the now-notorious 'negative subsidy' or Daylight Robbery as tenants call it.

Many council tenants voted Labour in 1997, expecting an end to these injustices and investment in repairs and new homes.

The 2000 Housing Green Paper, however, set a target of privatising 200,000 council homes a year over the next ten years. The commitment to address the £19 billion backlog of much-needed repairs and improvements contained in the Public Spending Review is based on the assumption that 600,000 homes will go by 2003.

Already 342,000 homes have been privatised since 1997, more than in eight years of Conservative government. This has shocked and galvanised tenants and trade unions. In January 2001 an unprecedented alliance of national organisations came together to build a Lobby of Parliament. Building on this success this alliance has produced a 'Manifesto for Council Housing'.

### WHY DO WE CALL IT 'PRIVATISATION'?

Government ministers and some housing professionals pretend the sale of council housing is not privatisation.

But Housing associations (Registered Social Landlords or RSLs) are not public bodies. They are dependent on the financial markets for investment, and subject to mergers, takeovers and rationalisation in an aggressively competitive market.

Increasingly they are £ multi-million businesses, operating on terms dictated by the banks and financial institutions, and lack any democratic accountability.

### DAYLIGHT ROBBERY

£1.4 billion was siphoned off from tenants' rents in 1999/2000. A total of more than £13 billion has been taken out of Housing Revenue Accounts in the last ten years. Despite promises before the last election, the government has failed to end 'Daylight Robbery'.

Daylight Robbery costs an average of c£1,000 per council home per year and is a strong incentive for councils to privatise. This drain on housing spending 'is a significant consideration when authorities are considering whether to transfer their stock...Once transferred such penalties no longer apply,' according to the Local Government Association (LGA survey, October 2000).

### MAJOR REPAIRS ALLOWANCE

The Major Repairs Allowance, introduced in April 2000, channels more of our rents into repairs. It will reduce - but not end - the siphoning off of HRA.

### TENANTS' ORGANISATIONS SQUEEZED

Some councils are using consultation and participation mechanisms such as 'Tenants' Compacts' as an excuse to undermine independent tenants' organisations. Lewisham, Leicester and Liverpool tenants' federations, for example, are facing the threat of councillors withdrawing their funding. In other areas tenants reps are being worn down by constant 'consultation' but don't believe they are in real control over major policy.

Government attacks on council housing have had one positive effect. The threat of privatisation has revitalised the tenants movement in many areas with new people getting involved for the first time and tenants associations and area federations being set up where none existed before.

#### How much is the government prepared to subsidise privatisation? - Council housing debts (£million, 2001/2)

Barnsley	130	Manchester	791.3
Basildon	144.7	Newcastle	296.8
Bradford	171	Nottingham	239
Bristol	207.7	Sheffield	471.6
Camden	494.6	Southampton	108
Derby	110.7	Southwark	723.5
Doncaster	139.6	Tower Hamlets	533.2
Islington	696.3	Walsall	142

# PRIVATISATION IN PRACTICE - THE FACTS

## REPAIRS - FALSE PROMISES

'Growing number of stock transfer landlords are finding themselves unable to deliver promised works without asking for more public subsidy in the form of Housing Corporation grants, even though the rules say they should pay their own way'

Major transfer RSL New Charter Housing Association, confirm the unreliability of privatisation business plans: Martin Frost, group financial director, says: 'We haven't had to go to the [Housing] corporation yet, but in the future, who can say?'

*Housing Today 26 April 2001*

sation can deny union rights for housing staff.

St Pancras Housing Association, which had a union recognition agreement with UNISON, threatened to use the takeover of the Humanist Housing Association, as an excuse to derecognise the union.

## RESTRICTIVE LETTINGS

University of Cardiff research for Shelter found RSLs more likely to restrict access to their housing, especially for those with any rent arrears or other problems. RSLs may refuse to house tenants who have any rent arrears or other problems (see Roof May/June 2001).

## HOMELESS

A Shelter survey found that among local authorities which have privatised council housing since 1996, 43% now have difficulties meeting their statutory duty to house the homeless.

A study on homelessness after stock transfer in England, by the Scottish Council for Single Homeless, confirms that homeless services are likely to deteriorate after privatisation. (SCSH report April 2001)

## UNACCOUNTABLE

RSLs claim to be committed to tenants' involvement in decision-making. But a Housing Corporation report shows that nearly a fifth of tenant board members are excluded from decisions, and nearly one in ten housing associations shut tenants out of discussions.

*The Involvement Business, Housing Corporation 2001*

## RENTS

RSL rent levels are higher than the cost of buying a home in 55 local authority areas. In a further 112 areas there is little difference in the cost of renting from an RSL and buying a two-bedroom house, according to a Cambridge Housing and Planning Research report (Comparing the cost of owner occupation with RSL rents: a geographical analysis, University of Cambridge April 2001)

Tenants are offered 'rent guarantees' during privatisation campaigns. But once the guarantee expires (typically after five years) rents can and do rise fast. Rents for new tenants are not subject to guarantees; in 1998/9 in the 12 new housing companies created by Large Scale Voluntary Transfer (LSVT) rents for new tenants were increased by an average of 16%, and in one case by 25%.

## ANTI-UNION

Examples are emerging of how privati-

## Arms Length Companies - No Solution

In response to growing opposition to housing transfer, the government has introduced another formula - Arms Length Companies.

It is significant that they now propose ALCs will be wholly owned by the council, tenants will stay as council tenants, workers as council employees and borrowing will be via the council from the Public Loans Board.

The formula itself should still be rejected - it's deliberately designed as a half-way house to full-scale privatisation at a later date.

But the backtracking begs the question: Why can't the government just go the full circle and agree to "Stop Privatisation and Invest in council housing" direct, as we are all demanding?

## GOVERNMENT SUBSIDISES HOUSING PRIVATISATION

### HOUSING BENEFIT

The higher rents of RSL landlords lead directly to higher housing benefit costs. These are no longer offset by subsidy for council Housing Revenue Accounts. This means a massive increase in housing benefit costs to subsidise RSL rents.

### LOCAL AUTHORITY DEBT

For many councils the 'market' value of their housing is less than their outstanding housing debts. Money raised by selling off council housing must be used to pay off these debts. In four cases so far where debts were larger than receipts, government has stepped in to pay off the difference, underwriting the 'overhanging' debt:

Burnley	£ 20.99 m
Coventry	£111.68 m
Calderdale	£ 64.59 m
Blackburn with Darwen	£ 78.90 m

(parliamentary answers 23.4.01 158214/00/01)

A total of £276.16 million was thereby taken from housing budgets to subsidise the costs of privatisation. This is an outrageous use of taxpayers money - why wasn't it used to improve the quality of our homes instead?

In another recent parliamentary answer government says they have 'no plans' to meet the additional 'break costs' (the penalty charged by lenders for paying off debts early!). For the big metropolitan councils with large debts, this will make LSVT unviable.

It is clear that government will have to spend many £ billions subsidising privatisation, if it is to push through its target of 200,000 homes a year.

## DON'T GAMBLE WITH OUR HOMES

'We are aware that a number of [housing association] customers are not able to do the works they said they would do.'

*Clive Barnett, Royal Bank of Scotland head of housing finance*

The government want RSLs to take over council housing. But parliament's Committee of Public Accounts casts serious doubts on financial regulation of the sector.

'The Housing Corporation is facing fresh pressure over its regulatory role as MPs accused it of a "complete disregard for parliamentary scrutiny".'

*Inside Housing 4 May 2001*