

The 2006 Labour Party conference voted 2:1 (for the third consecutive year running) in favour of providing a 'level playing field' and the 'Fourth Option' of direct investment for council housing as a matter of urgency".

The Labour Party NEC statement, issued in an attempt to defeat Composite 10 re-affirming support for 'Fourth Option', promised:

"We recognise the decisions conference has taken on the issue of social housing in 2004 and 2005... We believe that bringing all social housing up to decent standards is central to Labour's Sustainable Communities agenda... In particular the group is exploring ways of creating a level playing field in the funding for social housing, between those with ALMOs or Housing Associations, and those without... we await its conclusions early next year."

Delegates had high expectations that recommendations would be made in time for a 'level playing field' and real choice for tenants on Decent Homes would be incorporated into the 2007 Comprehensive Spending Review.

There is massive opposition to the government's privatisation agenda with tenants in an increasing number of ballots voting NO:

- 123 local authorities across England, Scotland and Wales have decided to keep their homes - despite all the bullying from government. Another eleven authorities have recently suffered No votes on transfer and have yet to formally announce whether they will retain or ignore democracy and re-ballot.

- Some 60 authorities in England have set up arms length management organisations (ALMOs) which the campaign views as a two-stage privatisation strategy. Their five year contracts start expiring soon posing the question whether they will revert back to the council or be transferred into the private sector.

- 40 other authorities are due to ballot tenants in the next few months.

- Together some 200 retaining, ALMO and yet to decide authorities have almost 3 million council homes. A further 1.6 million households are on council housing waiting lists. We all have a common interest in securing the 'Fourth Option' of direct investment in council housing.

The principle of decent, affordable, secure and accountable council (public) housing has served generations well. It is cheaper to build, manage and maintain council homes than private alternatives. Council housing waiting lists show there is strong demand.

Despite all the government hype promoting home ownership as the solution (and Smith Institute arguing for an end to life long secure tenancies to force tenants into home ownership) many people prefer to rent or are unable to get on the property ladder. Shelter found that 72% of those surveyed put 'affordability' and a safe neigh-

bourhood before 'ownership' in their last of priorities. Yet government is siphoning off money from council housing to pour into subsidising numerous home ownership schemes. Subsidies for key worker home ownership run at more than £47,000 a home. It's an expensive option and wrong that council tenants are having to pay for the subsidies.

A very broad alliance of tenants, trade unions, councillors and MPs support the demand for the 'Fourth Option'. We want investment to improve existing and build new council homes.

102 MPs - across all parties - have signed the new Early Day Motion (EDM 136). More than 260 MPs have signed one or more EDMs associated with the campaign. Councils retaining their homes have organised themselves into a new Assoc. of Retained Council Housing (ARCH). Most major unions and the TUC are actively supporting the campaign.

Nowhere are tenants lobbying for a chance of landlord. Transfer or ALMOs only get support when councils bully and blackmail tenants saying there is no other way of getting improvements to their homes and estates.

The campaign's demand for the 'Fourth Option' is an alternative to the government's three privatisation options of stock transfer, ALMO and PFI. It would involve ring-fencing all the revenue from tenants rents and capital receipts from 'right to buy' sales to fund an 'investment allowance' (first proposed by the ODPM itself in 2002 blue skies review). £1.55b pa and £0.5b pa respectively (2004/5 figures) is siphoned out of council housing by government causing the backlog of improvements needed.

Government has taken £45 billion in 'right to buy' receipts to date and £5.86 billion in capital receipts from stock transfer. This is more than enough to clear the backlog (see below) and achieve better than the government's Decent Homes standard.

Equal treatment on 'debt write-off' for councils where tenants want to keep council housing (Treasury writes off debt if councils privatise their homes) would provide a solution for many authorities.

These existing sources of finance, along with stopping expensive public expenditure on consultants, privatisa-



MEETING TO LAUNCH NEW DCH PAMPHLET

6-8pm
Tuesday 20th February
Boothroyd Room,
Portcullis House,
House of Commons
London SW1

Speakers to include:
Austin Mitchell, Chair, House of Commons Council Housing Group
Jack Dromey, Chair, Labour Party National Policy Forum Housing Working Group, and Deputy General Secretary, T&G
Alan Walker, Chair, Defend Council Housing

Get your MP to support Early Day Motion 136. **FUNDING DECENT COUNCIL HOUSING**

Michael Austin
"That this House welcomes the decision of Labour's Party conference again, to call on Government to provide the fourth option of direct investment to council housing as a matter of urgency notes the rising number of tenants' ballots against stock transfer and the growing demands from tenants, councillors...



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tion set up costs and millions spent on providing 'gap funding' to make transfer viable could also be directed to enable local authorities to carry out improvements themselves.

In addition Registered Social Landlords are making massive 'surpluses' and have billions of pounds in reserves. This money, most of which comes from public subsidies, could be re-directed to improve existing and build new council homes and estates.

Ruth Kelly told Labour's conference that when she started her new job she asked senior civil servants to cost the 'Fourth Option' and was told it would be £12 billion. She went on:

'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.'

The ODPM Housing Green Paper in 2000 estimated the backlog of repairs and improvements to be £19 billion. Stock transfers, extra government public subsidy for ALMOs and councils using existing resources has significantly reduced the number of homes that still need improvements.

Austin Mitchell MP wrote to the Minister asking her to substantiate the £12 billion figure. He has also questioned how even £12 billion of expenditure on housing could cause such major economic problems when the government did not cite this as an issue when it announced on the same day £70 billion of extra defence expenditure.

Housing Minister, Yvette Cooper, replied (Answer to Parliamentary Question 9052 05/06, November 7 2006: *"...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.."*

When we met officials at the DCLG before Christmas they admitted that no detailed costing had been carried out to support the £12 billion figure. **The explanation fails to take into account the following factors:**

- "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

Government's claim that tenants won't be worse off with privatisation but Registered Social Landlords provide 'assured' not secure tenancies and so have higher eviction rates; they charge tenants more in rents and service charges and they are unaccountable.

The RSL sector is increasingly driven by mergers and takeovers creating a few multi million pound national companies owning tens of thousands of homes across hundreds of local authority areas. Several RSLs have expressed an interest in floating on the stock market.

The annual Inside Housing magazine survey of RSL chief executive salaries show big increases. Shelter's Adam Sampson, speaking at a fringe meeting at Labour conference, expressed his concern that RSLs were becoming increasingly dominated by the banks and focus on homes for sale rather than their tenants.

A number of the early ALMOs (Arms Length Management Organisations) are now warning of cuts and redundancies once the additional 'Decent Homes' money runs out. As DCH predicted there is a strong lobby to move ALMOs into the private sector. And, as we also predicted, government is now telling ALMOs that they should ignore the 2010 deadline for meeting the Decent Homes target. This breaks the key promise made to tenants that was central to getting ALMOs through in most areas.

There is a growing ideological attack on the principles of council housing. Prof John Hills review into the role of social housing could take on the security guaranteed by a life-long tenancy and Prof Martin Cave's review could deregulate housing, allow private developers and landlords to build, manage and maintain so-called 'social housing' and scrap rent controls.

The announcement that the Housing Corporation, English Partnership and Decent Homes functions from the DCLG are to merge is a worrying development: government is moving responsibility for delivering on a key manifesto commitment to a quango: "By 2010 we will ensure that all social tenants benefit from a decent, warm home with modern facilities."

Supporters of council housing – council tenants, trade unionists, councillors, MPs and others – intend to hold government to their commitments. We need your help!