



Picture: Andrew Ward/reportphotos.com

Tenants' fight to stop the privatisation of our homes is now right at the top of the political agenda. Labour's annual conference overwhelmingly passed a resolution backing a 'level playing field' for council housing.

Up to now the government has been saying there are only three options—stock transfer, private finance (PFI) and arms length management organisations (ALMOs)—if councils need extra resources to fund improvements.

But tenants across the UK, sup-

ported by trade unions and growing numbers of councillors, oppose privatisation and are demanding direct investment in council housing with no strings attached. 250 MPs have backed the call for direct investment.

Big No Votes against sell-offs in Birmingham, Dudley, Wrexham and elsewhere have made stock transfer impossible in most areas. Then Camden tenants voted 77% against two-stage privatisation by ALMO and it sent more shockwaves through

Ministers, civil servants and housing policy makers.

We have now secured a review of funding policy. John Prescott has accepted there should be a 'level playing field' between councils and other landlords so that tenants have a real choice.

#### Strength of Support

Tenants are sick of the bullying to accept privatisation. We now need to step up the pressure on councillors and MPs to secure the 'fourth option'—direct investment in

council housing. This would benefit the three million council tenants, our families and all who want decent, affordable, secure and accountable council housing. Investment in existing and new council homes would benefit everyone who is homeless, overcrowded or unable to afford spiralling mortgage payments.

We want council housing to be first class housing—not housing of last resort. Join the campaign. Help pile on the pressure to win the 'fourth option'—quickly.

## “We are continuing a negotiation...”

The vote at Labour's conference came after lengthy private negotiations between John Prescott and senior union leaders, councillors and others.

Replying to the debate Prescott said “Public financing of housing doesn't treat local authorities on a level playing field and I want to see that changed and I promised to do that and look at an inquiry into it”.

He told conference he was “near agreement” and asked the conference to give him more time. But delegates voted 8:1 to ignore

his plea and support the motion “Labour will also ensure that where tenants choose to remain under the management of their Local Authority, they will not be financially disadvantaged—funds available for stock transfer will be equally available to Councils, ensuring a level playing field.”

Housing Minister Keith Hill said after the debate “We will look into the framework within which local authorities have to approach stock transfer and ALMOs... We are continuing a negotiation, a discus-

sion, with the various interested parties...We are continuing the review as we promised to do”.

Daniel Zeichner, chairman of the Labour party in the east of England, who moved the resolution, said: “I don't think they can ignore the vote.”

#### Agreement close

There are some differences of opinion, but we were quite close to coming to an agreement on Sunday [before the vote].”

“My feeling, and that of people I consulted, was that it [the review] needed to be pretty speedy. They were saying they were prepared to start immediately but what they weren't clear on was how long it might take, that was the ambiguity”.

Camden's Labour leader, Dame Jane Roberts, a member of Labour's national policy forum said: “The vote shows the overwhelming strength across different sections of the party. It would behove the government to listen carefully to that.”

### PUT PRIVATISATION ON HOLD

“The House of Commons Council Housing group is asking for an urgent meeting with John Prescott to urge the ODPM to advise local authorities to put stock option appraisals on hold until after the government's review of the options has been completed.

“It is clearly not acceptable for tenants to be asked to make a decision until all the relevant information is made available to them. There should be a moratorium on authorities completing stock transfers or embarking on the costly business of setting up ALMOs until the new funding options are in place. Tenants deserve a real choice.”

**Austin Mitchell MP**

Chair house of commons council housing group

See inside for details

## DCH NATIONAL CONFERENCE

# Fri 29 October, London

Organise a delegation of tenants, trade unions and councillors from your area

# STOP PRIVATISATION—INVEST IN COUNCIL HOUSING

# We want direct investment 'Fourth Option' Affordable

The figures speak for themselves and clearly demonstrate the 'fourth option' is financially viable (see table).

In 2002 the Blue Skies review of housing finance, produced by the Office of the Deputy Prime Minister (ODPM), floated the idea of an 'investment allowance' to provide a funding stream to enable councils to carry out the improvements themselves.

This revenue stream exists for PFI schemes and for councils who set up arms length management organisations (ALMOs). It could equally be made available to all councils.

## WHERE DOES THE MONEY COME FROM?

There is plenty of money that rightly belongs to coun-

cil housing that could be used to fund the 'fourth option'.

In 2003/4 tenants on average paid £2650 in rent but only received £1773 in services (England and Wales 2003/4 averages: rent £2650, M&M £1190, average MRA £583 source ODPM statistics).

That leaves £877 per tenant (£2.2 billion per year for England and Wales, 2003/4) that could be used to fund a massive investment programme.

There is also the profit government takes from 'right to buy' (see table). Stock transfer leads to higher rents and so a higher Housing Benefit bill for the Treasury.

UNISON estimates this costs £249 million per annum based on 1 million transfers. Why not spend it

# Their arguments do not hold up

## 1. Money's there

Ministers claim that privatisation means more improvements for less money. The opposite is true. Stock transfer wastes £billions (see p7). If all the money belonging to council housing, and the subsidies to privatisation (see above) were used for direct investment in council housing, there would be enough to improve all existing homes and build more. This decision is political, not economic.

## 2. Separating strategy and management is a failed dogma

There is no evidence to support the government's dogmatic insistence that separating strategy from management improves housing. Heriott-Watt University found exactly the opposite. Alistair McIntosh, from

the Housing Quality Network who commissioned the report, said 'It's been carried on without any research or rationality underpinning it.' Inside Housing 11 January 2002

A separate company makes co-operation across council departments more difficult. Services to the homeless are among those that suffer, according to Shelter.

## 3. Tenants lose power

Council tenants have unique democratic rights over our landlord. Privatisation removes this. The handful of usually unelected tenants on housing association and ALMO boards are increasingly marginalised, out-voted, unaccountable, and bound by business rules. If they rock the boat, they are thrown off the board (see pages 6 and 7).

## Stop Disinvesting

Ministers claim that they put back the money they get from 'right to buy' sales but this isn't true! The 'reserved' receipts (the 75% that the government takes) far exceeds Government funding for investment in council housing

	2000/1 £m	2001/2 £m	2002/3 £m	Average £m
Reserved RTB receipts	£1,047	£950	£1,317	£1,105
Investment in mainstream council housing	£300 (est)	£673	£792	£588
Net disinvestment	£747	£277	£525	£516

## ODPM Select Committee backs 'investment allowance'

In May the influential ODPM Select Committee of backbench MPs came out clearly in favour of the fourth option—direct investment in council housing—via an 'investment allowance'. Their report concludes that the government's 'dogmatic pursuit' of privatising council housing isn't justified and denies tenants real choice. They recommend Local Authorities be granted wider rights to borrow prudentially against rental income streams for the purpose of improvements to the stock and to help create sustainable communities (see full summary page 6).

## MONEY SIPHONED OUT OF COUNCIL HOUSING EACH YEAR

All figures England 2002/3. The picture is similar for Wales & Scotland

REVENUE	CAPITAL
Government take from HRA (Guideline rent) = £6.0 billion	RTB receipts = £2.0 billion
Management & Maintenance Allowance = £3.0 billion	Basic Credit Approvals = £0.75 billion
Major Repairs Allowance = £1.5 billion	Usable receipts = £0.7 billion
	Government profit = £0.55 billion
<b>Remainder taken out of council Housing Revenue Accounts = £1.5 billion</b>	
	<b>STOCK TRANSFER (per home average)</b>
	Asset value = £40,000
	Avg transfer value = £4,000
	Private investment = £7,000
	Loss = £29,000

## HISTORIC LOSS

### 'DAYLIGHT ROBBERY'

Government has taken a total of £13 billion from HRA (through negative subsidy) since 1990. This explains a large part of the £19 billion backlog.

### ACCUMULATED CAPITAL RECEIPTS

Right to Buy receipts set aside between 1980-97 have not been reinvested. Further RTB and stock transfer receipts have also been accumulated.

MPs report on "The case for the Fourth Option For Council Housing"

on improving our homes and avoid the unnecessary higher rents charged by RSLs. And each year the consultants and other setup

costs for stock transfers run into tens of millions of pounds.

This could be better spent on direct investment too.

# TIME TO BUILD NEW COUNCIL HOMES

Recognising the support for council housing Prescott also announced that local authorities would now be able to bid for money to build new council homes.

**"It's time for a new deal on housing for local authorities... I want to give the best authorities the chance to bid for new funds for new homes."**

Inside Housing 1 October 2004

In many areas there is a chronic housing crisis with millions suffering in temporary accommodation, overcrowded conditions or suffering the effect of soaring mortgage payments.

Building new council homes is the obvious answer. Councils can build cheaper. Tenants get security of tenure, lower rents and a

chance of making their landlord accountable.

Last month Prescott told the National Housing Federation conference "in seven years the average subsidy to an association property had risen from £27,000 to £66,000. In London the average grant had risen to almost £100,000.

"That's every 10 houses needing a subsidy of £1m to meet ever-increasing housing inflation... It's unacceptable." Guardian Unlimited 23 September 2004

Housing associations attacked the move. Jim Coulter, chief executive of the National Housing Federation, said the proposal to give councils access to grant was 'unlevelling the playing field against housing associations'.

# Support is growing

Support for the fourth option is growing: it is what tenants want, and is backed by all the major trade unions and a growing number of MPs, councillors and policy makers.

The Local Government Association, representing local councils across England and Wales now supports the 'fourth option' too.

In January Housing Minister, Keith Hill, told MPs 'there were simply no takers' for an investment allowance when the proposal was discussed in the Blue Skies review in 2002. But he has since been forced to admit that many councils had in fact responded positively.

In May 150 representatives of tenants organisations, local authorities, trade unions and professional organisations from twenty six areas came to



Tenants lobby Parliament 2003

Parliament to give evidence to the House of Commons Council Housing group's enquiry. More than 30 local authorities provided written evidence supporting the 'fourth option'.

"Under the pretext of Decent Homes, local authority tenants are, in reality being blackmailed into stock transfers, or Almos, through the current funding arrangements."



"The government must put its money where its mouth is and leave it up to tenants to decide who should own and manage their homes."

Andrew Bennett MP



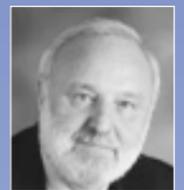
"Greetings from the whole TUC in support of your campaign. Mine was one of the families that

benefited for the first time in many generations from the opportunity of decent housing and it's a cause well worth fighting for."

Frances O'Grady

deputy general secretary, TUC

"It is outrageous that people are told 'if you go along with what we want there will be lots of money to do up flats and houses, but if you don't the money won't be available'."



"It's like holding people to ransom. It's totally morally and politically unacceptable... in the name of dogma and nothing else."

Frank Dobson MP



"Councillors, constituency parties, UNISON and the other trade unions gave a resounding thumbs down to the idea of

stock transfer and ALMOs at Labour Party conference. We want the ability for councils to borrow to invest in improving council housing and REAL tenant choice over their housing options for the future.

UNISON has shown that it can be done within the prudential borrowing framework. The only obstacle now is Government policy.

I am looking forward to an early start to the suggested review. In the meantime UNISON will continue its campaign".

Dave Prentis,

UNISON General Secretary

"The fourth option is the least expensive, most cost effective and the most democratic way forward for Macclesfield tenants."

Cllr Steve Carter

Leader Labour Group Macclesfield Borough Council

"Tenants are not making knee-jerk choices, they are voting to stay with councils who they want as their landlords because they trust them and value the relationship. If this is a democracy, the government needs to listen."

Alison Hustwitt, Stroud tenant

"The immediate reaction of our stock options appraisal from the majority of the tenants is they wish to stay as they are. They can give ALMOs so much, they can give PFIs hundreds of thousands, but they can't give people who are satisfied with what they've got more money—and we're not happy about."

Cynthia Johnson, Sefton tenant

Photo: Jess Hurd report digital

Organise a delegation of tenants, trade unionists and councillors from your area

# DCH NATIONAL CONFERENCE

## 'Winning the fourth option'

### 11-4.30pm Friday Oct 29

Registration from 10am TUC, Congress House, Great Russell St, London WC1

(nearest e Tottenham Court Road—short journey from Euston, Kings Cross, St Pancras and Paddington stations)

sponsored by **SERTUC** House of Commons Council Housing group of MPs **UNISON** **UCATT** **amicus** **GMB** **T&G** **EWU**

#### NATIONAL SPEAKERS, WORKSHOPS, DEBATE AND INFORMAL DISCUSSION

##### Speakers include:

**Austin Mitchell MP** (chair, house of commons council housing group), **Dave Prentis** (general secretary Unison) **Alan Walter** (Defend Council Housing) **Ken Purchase MP** **Kevin Curran** (general secretary GMB) **Frank Chance** (Birmingham DCH) **Alan Ritchie** (general secretary elect UCATT) **Mick Connolly** (secretary SERTUC) **Cllr. Willie Smith** (Leader Corby Council)

##### WORKSHOPS ON:

**Funding the 'fourth option'** Janet Sillett, Local Government Information Unit Housing Policy Officer **History of the tenants movement** John Grayson, Northern College Barnsley **How to approach stock option appraisals** Dexter Whitfield, Centre for Public Services **Case against Stock Transfer** Paul Burnham, Haringey tenant and Stroud tenants **Arguments against going ALMO** Lesley Carty, Camden tenant and John McDermott Leeds **UNISON How to organise an effective campaign** Frank Chance Birmingham tenant and Mark Weeks Tower Hamlets tenant **Post transfer experience** With tenants from Coventry Hackney and Bambury



Get the facts and the arguments

Councils say they are committed to ensuring tenants have all the available information before making a decision. They regularly send tenants to conferences to hear key speakers promote stock transfer, PFI or

ALMOs. Ask your council to fund tenants to attend the DCH conference to hear the arguments against privatisation and how the fourth option can be funded. If they refuse contact local unions for help.



##### WHAT IS DCH?

Defend Council Housing was setup in 1998 to fight against the privatisation of council housing and for direct investment.

Today the campaign unites tenants, the major trade unions, a wide political range of local activists and elected councillors.

250 MPs have backed the call for direct investment.

We can't use tenants rents to pay for leaflets and other material to counter the council PR campaigns promoting privatisation.

So please get your tenant or union organisation to affiliates to DCH, make a donation and order campaign material to distribute widely in your area so tenants hear the case for council housing and the 'fourth option' and the arguments against privatisation.

*"Birmingham tenants voted 2:1 against stock transfer, come to the conference to find out what we argued and how we campaigned."*

Frank Chance, tenant and Chair Birmingham DCH

*"Tenants are bussed around the country to here ALMOs promoted. Get down to this conference to find out why Camden tenants voted 77% to reject ALMOs as two stage privatisation."*

Alan Walter, tenant and Chair Camden DCH

#### europaean social forum

ANOTHER WORLD IS POSSIBLE

15-17 October 2004

Three days of international debate, celebration and protest  
Alexandra Palace, London

Saturday October 16 7-9pm

'THE FIGHT FOR PUBLIC HOUSING'

##### SPEAKERS:

- Defend Council Housing (UK)
- DAL (France)
- London Tenants Federation (UK)
- Habitat Net (Germany)
- HIC (Italy)
- NAHT (USA)
- Russian Housing Federation (Russia)

Discuss our experience and traditions of housing struggles across Europe to strengthen international networking and campaigning, so that tenant's organisations and the wider network of social movements can co-operate against the privatisation agenda, the mass evictions and social segregation and establish the right to housing as part of public provision.

To find out about local transport to the ESF and to register for the event visit the ESF website at [www.fse-esf.org](http://www.fse-esf.org) or phone 020 7833 8440



##### Please book your tickets for DCH conference here

Conference fees: individual tenants £5; sponsored tenants, trade unionists, councillors and others £12 Please book in advance if possible to help us organise the conference and estimate workshops/refreshments (cheques payable to 'DCH') PO Box 33519, London E8 4XW

Name .....

Organisation .....

Address.....

.....Postcode .....

Tel: .....

email .....

Number of delegates at £5 tenants  or £12 others

write: DCH PO Box 33519, London E8 4XW phone: 020 7987 9989

email: [info@defendcouncilhousing.org.uk](mailto:info@defendcouncilhousing.org.uk) website: [www.defendcouncilhousing.org.uk](http://www.defendcouncilhousing.org.uk)



"The money the government is wasting on debt write offs, gap and dowry funding,

consultancy and survey fees, misleading propaganda and massive grants to ALMOs should be channelled into council housing.

Why prolong this ideological crusade against council ownership when all the evidence shows that councils can build, renovate and repair more economically than housing associations?

**Austin Mitchell MP**

"Tenants in Birmingham are still angry and perplexed that the Government were



prepared to make £650 million available to Birmingham to write off debt had tenants voted for stock transfer, but that there will not be a penny extra now that tenants wholeheartedly rejected that option."

**Lynne Jones MP**



"Every week I meet families who are desperate for a decent home.

The Government needs to

instigate a massive council house building programme and stop wasting valuable resources on these privatisation, sell-off and transfer schemes."

**John McDonnell MP**

"The tenants in Stroud District have shown the way in rejecting LSVT. I hope that Stroud can give



hope to those who want a major re-think in Government policy to take place. Hopefully together we can make this happen."

**David Drew MP**



"The GMB and other supporters of council housing enjoyed a democratic victory at Labour Party

conference, when the motion on the fourth option was successful.

Direct investment works, it's affordable and it is that rare thing—an answer to a public sector problem that does not rely on floating off for answers into the private sector. The task now is to make sure the Government delivers on the will of Labour conference."

**Kevn Curran**, GMB General Secretary

"What I encountered was perplexity, unease, suspicion about why this [ALMO] was



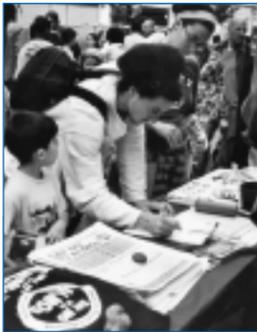
necessary... the vote was a thumping, unambiguous, clear no...if choice is the fourth principle of public service reform how can you possibly ignore the choice that tenants have made?"

"There is no clear evidence that separating the strategic from management, that ALMO, that RSLs lead to improved performance".

**Jane Roberts**, leader Camden Council

## TIMELINE: THE FIGHT FOR DIRECT INVESTMENT IN COUNCIL HOUSING

<b>June 2000</b> Housing Green Paper	<b>Labour Party 2001 Manifesto</b> Target of selling off 200,000 homes a year Decent Homes standard by 2010	<b>December 2001</b> Government white paper on new right for councils to borrow prudentially to improve their housing.	<b>January 2002</b> Secretary of state Stephen Byers promises Decent Homes Standard 'is a commitment that will be met irrespective of any decisions which are taken by tenants.'	<b>April 2002</b> Birmingham tenants reject transfer of 84,000 council homes	<b>June 2002</b> DCH challenges the government to meet its "Six Demands" for a level playing field to fund Decent council homes.	<b>October 2002</b> Government launches 'Blue Skies' review of housing finance floating most of the six demands.	<b>February 2003</b> Government Communities Plan: 'only three options' to meet the Decent Homes Standard—transfer, PFI, or ALMOs.	<b>June 2003</b> Deputy Prime Minister John Prescott admits under pressure from MPs: "We have had to say that we will try to provide adequate funding for those who want to stay with local authorities."
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"If you go back four or five years, then PFI and ALMOs wouldn't have been an option... something is going to have to give and I doubt if it is the tenants' views."

**Roy Irwin**  
Audit Commission chief housing inspector



**Housing minister Keith Hill tears up the Decent Homes commitment: "[Tenants] have the right to avail themselves of the opportunities of the decent homes programme but if they choose not to then regrettably that's a matter for them and their local authorities and there's little that government can do about that." January 2004**

# We can stop t

An effective campaign needs some thought and planning.

Local campaigns need to be broad based and involve tenants (reps and individuals), union members, other activists and, where possible, local councillors and MPs, who are opposed to privatisation of council housing.

Campaigns should be tenant led but working closely with the trade unions stops the council playing divide and rule-setting tenants and workers off against one another.

The council will sometimes have knobbed tenants association reps with a mixture of flattery and intimidation. Don't give up just because of a few individuals.

Mail every TA rep regularly and ask to speak at TA meetings.

Try also to attend and speak at any 'consultation' meetings or steering groups the council sets up.

Argue that 'real choice' means

tenants hearing both sides of the argument—not just one side!

The key to campaigning is on the streets and estates. This is the only effective way to answer questions, ensure all tenants hear the arguments and directly challenge what the council or their so-called Independent Tenants Advisor are saying.

Going door to door helps find people who want to get involved and will help leaflet their estate or organise a local public meeting.

Good organisation is essential. Get different people to take responsibility for distribution in each area. Try and pair up a tenant and trade unionist to maximise coordination.

Where possible get tenants' associations to do their own estates and involve community centres, clubs and other local organisations too.



**Camden tenants petitioning for direct investment**

Letters to local papers encourage the debate and, in the run up to the ballot, paid adverts (sponsored by one of the unions) get the message across. Local radio and TV are increasingly interested if you give them a good story.

To stop the council intimidating housing workers it is important that the council unions hold

## Amicus supports the fourth option

for council housing on behalf of our members living and working in local authority housing.



[www.amicustheunion.org](http://www.amicustheunion.org)

## Campaign checklist ✓✓✓

**Find out what the council is proposing**—read the council's 'options appraisal' report, 'business plan' and minutes of meetings.

**Identify what repairs/improvements the council is proposing**, the cost and the funding gap the council claims exists. Make up your own mind whether this is an accurate picture.

**Organise a local DCH meeting** to plan the campaign. Involve tenants, trade unionists and, where possible councillors and MPs too.

**Produce a good local leaflet** and newspapers to distribute to every home. **Leaflet every home** but also have stalls at markets and high streets and give out material at churches, mosques and parents outside primary schools

**High visibility is important:** get posters up on every estate and street, and borrow a car loudspeaker to tour estates **Send letters to the local press**, organise lobbies or stunts to get publicity and ask trade unions to sponsor adverts in the press to put the arguments across **Approach local unions** for financial support. Many unions have special regional and national funds that local branches can apply to.

**The earlier you start campaigning the better. Councils now regularly hold the ballot earlier than publicised to out-manoeuvre opponents. DCH can help with writing leaflets and speakers. There are plenty of examples on the campaign website.**

<b>December 2003</b> ODPM Select Committee launches an inquiry into Decent Homes. Many commentators criticise the government's 'three options only' policy.	<b>January 2004</b> Tenants in Camden become the first ever to vote NO in an ALMO ballot	<b>January 2004</b> Housing minister Keith Hill tears up the Decent Homes commitment	<b>March 2004</b> The Local Government Association calls for the 'fourth option'.	<b>May 2004</b> The ODPM Select Committee Decent Homes report calls for a level playing field for councils	<b>September 2004</b> The Labour party conference votes for a "level playing field" for council housing
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Christmas 2004?



*"We believe that the target of achieving Decent Homes in the social housing sector is being used as a Trojan Horse by the Government in a dogmatic quest to minimise the proportion of housing stock managed by Local Authorities. The government must put its money where its mouth is and leave it up to tenants to decide who should own and manage their homes."*  
ODPM Select Committee Decent Homes report

*"It's no longer good enough for ministers to say there are only three options available. PFI, ALMOs and stock transfer are all, in our opinion, useful ways forward but they should not be the only solutions for investment in housing stock."*  
Jeremy Beecham, (then) chair Local Government Association

**Keith Hill promises a review:**  
*"As part of the discussions we have been having with delegates at the Labour party conference, we have said we will see if there are any broader flexibilities in local government funding"* "We are continuing negotiation, a discussion, with the various interested parties... We are continuing the review as we promised to do". **September 2004**



"What is the sense in a highly rated housing authority being forced to transfer its stock to alternative management and financial control? Successive governments have wasted a lot of money pursuing these policies when the money would have been better spent on improving the stock."  
**Brian Iddon MP**



Tenants do not have a free choice, and there are those in Government who have an almost ideological

bias against Councils remaining a major provider of housing.

We do not want to see this matter of vital concern to tenants and council workers alike kicked into the Treasury long grass. We need a clear statement that the review will start straight away and be concluded quickly, and certainly before a General Election.  
**Jack Dromey,**  
TGWU Deputy General Secretary



"The recent decision of the Labour Party conference to oppose the privatisation of council housing sends a clear message that this government needs to re-think their position. Local authorities provide a good service to tenants with a well-trained workforce that ensures good levels of maintenance. Council tenants should not be penalised for choosing to retain this service."  
**Derek Simpson,**  
general secretary Amicus



We can win this campaign – for us today and our children tomorrow.  
We can win first class council

housing for tenants and protect the jobs and conditions of public sector workers who want to provide a first class service too.

No one wants privatisation. Stand up to the blackmail. Get tenants, trade unions and, where possible, councillors and MPs in your area to resist stock transfer, PFI and ALMOs and step up the pressure for a quick agreement on the 'fourth option'.

**Alan Walter,**  
Defend Council Housing



"Prescott's enquiry is a vindication of our long, hard fought joint campaign. UCATT are proud to have been part of DCH from the start. Together we can win the 'fourth option and put an end to housing privatisation."  
**George Brumwell,**  
UCATT General Secretary

"The Milton Keynes TU & LP Partnership is totally opposed to the "Government's three options" and support "Direct Investment in Council Housing", which concerns the future of the country's council housing stock.

It appears the Government's three options is an attempt to rid councils of their housing stock, which is nothing more than the previous Tory Government ploy.'

**Cllr Reg Edwards**  
Milton Keynes

## TIMELINE: THE FIGHT FOR DIRECT INVESTMENT IN COUNCIL HOUSING

# them



Direct investment after ALMO No vote

*"The victory in Birmingham was won by getting out on the estates and the streets. Get among your people. Talk to them, get support from your unions and tell them the real facts."*  
**Frank Chance,** Birmingham tenant

*"In July 2003 Harlow called an independent consultancy to carry out a test of opinion on the four options. 89% of respondents chose retention"*  
**Mick Patrick,** Harlow tenant

*"Real tenants' power is what happens when democratically elected politicians have to listen to a large enough collective voice. Keeping our homes under democratic control is worth fighting for."*  
**Lesley Carty,** Camden tenant

*"We rejected a transfer five years ago on a vote of over 60%. We formed Tenants Against Privatisation to campaign against it and we were obviously success. We now very much resent being forced to another waste of time and money, having to go through the options process all over again."*  
**John Marais,** Cambridge tenant

## What you can do

- Come to the conference on October 29
- Hold a local public meeting
- Insist your council freezes any 'options' consultation until after Prescott concludes his review
- Get your MP to sign the motions in Parliament EDM 430 and EDM 1337
- Affiliate to DCH
- Bulk order copies of this newspaper to distribute to tenants, trade unionists and councillors

**Affiliate**  
Tenants/community organisations local £10; regional £25; national £50 trade unions local £40; regional £100; national £250

**Order material:** Campaign briefings: £15 per annum; copies of this broadsheet: £18 per 100; £100 per 1000 and 'Case for council housing' pamphlet: individual copies £5—£2.50 for bulk orders

## Sign up for the fourth option

### DEFEND COUNCIL HOUSING

We demand the right to choice decent, affordable, secure and accountable council Housing. Council housing is a public service and an asset worth defending for us, our children and all who need a home.

We welcome the inquiry announced by Deputy Prime Minister John Prescott and call on him to speedily agree the 'Fourth Option'—direct investment in council housing—as an alternative to stock transfer, PFI and ALMOs.

Councils should back this campaign, suspend their stock option appraisals and put housing sell-offs or ALMO set-ups on hold until the results of Prescott's inquiry are made public.

Yor local council

Name	Address	Tel/e-mail	Help out
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■ Get tenants, trade unionists and councillors to sign the petition—download from [www.defendcouncilhousing.org.uk](http://www.defendcouncilhousing.org.uk)

## We want democratic debate

Millions of pounds of tenants' rents and council tax are poured into pro-privatisation propaganda to get the result the government wants. In almost every case councils blatantly put one side of the argument.

The District Auditor has

found against two councils for spending public money to unlawfully persuade tenants (in Bath & North East Somerset and in Wiltshire).

Keith Hill promised London Tenants Federation (Dec 2003) "Tenants need to be presented with equal information about the pros and cons of the various

options for which they are being consulted. That is absolutely the principle that we as government and we as ministers conform to."

If Ministers are sincere about tenants choice they would instruct councils to conduct a 'fair and balanced' debate.

### CONGRATULATIONS GEORGE BRUMWELL ON YOUR RETIREMENT

### DCH thanks UCATT for backing the campaign from the early days



### Tenants and trade unionists together are a powerful force

## Future of ALMOs

"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, 3 September 2004).

This is exactly what DCH predicted and why we say ALMOs are two-stage privatisations.

Start a campaign in your area to insist that your ALMO reverts back to direct council control to see off attempts to complete the privatisation process.

## Tenants and workers resist the blackmail

Tenants and council workers have a common interest in defending council housing. We need to confront management lies. Challenge them to a debate. Take the arguments to all staff and make sure they hear the case against privatisation, the facts of how workers are affected, and the alternative case for council housing.

And don't let anyone forget: the senior managers and consultants pushing privatisation stand to gain major pay rises and bonuses if they succeed.

**DON'T LET THEM WIN AT YOUR EXPENSE!**

## REPORTS SOURCES

### House of Commons: ODPM Housing, Planning, Local Government and the Regions Committee Decent Homes

Published: May 2004  
Contact: The Publications Centre, PO Box 29, Norwich, NR3 1GN Tel: 0870 600 5522  
www.publications.parliament.uk/pa/cm200304/cmselect/cmselect/46/4602.htm

### Public Accounts Committee Improving Social Housing Through Transfer

Published: March 2003  
Contact: The Publications Centre, PO Box 29, Norwich, NR3 1GN Tel: 0870 600 5522  
www.publications.parliament.uk/pa/cm200203/cmselect/cmselect/590/59002.htm

### National Audit Office

www.nao.org.uk/publications/nao\_reports/02-03/0203496.pdf

### House of Commons Council Housing Group The Case for the 'Fourth Option' for Council Housing

Published: June 2004  
Contact: Austin Mitchell MP, House of Commons, London SW1A 0AA Tel: 020 7219 4559

### Local Government Information Unit Housing: The Right To Choose

Published June 2004.  
Contact: LGIU, 22 Upper Woburn Place, London WC1H 0TB Tel: 020 7554 2800 Free Download: www.lgiu.org.uk/pdfs/download\_pdf/HOUSES.pdf

### Housing: Improving services through resident involvement

Audit Commission, June 2004 Audit Commission Publications, PO Box 99, Wetherby, LS23 7JA Tel: 0800 502030  
www.auditcommission.gov.uk/Products/NATIONAL-REPORT/2640A11E-6E8D-4B60-87B8-1E44B9233384/Resident\_involvement\_Report.pdf

### Centre for Public Services The Case for the 4th Option for Council Housing and a Critique of Arms Length Management Organisations

Published: May 2004  
Contact: Centre for Public Services, 1, Sidney Street, Sheffield S1 4RG Tel: 0114 272 6683  
www.centre-public.org.uk

### Changing Boards, Emerging Tensions

Liz Cairncross, Oxford Brookes University Paper presented to the Housing Studies Association Conference, Spring 2004

# MPs demand investment and condemn dogma

## ODPM Select Committee of MPs back 'investment allowance'

The influential ODPM Select Committee of MPs reported on 'Decent Homes' in May 2004. This followed an extensive enquiry by the cross-party group of senior MPs whose role is to scrutinise the Office of the Deputy Prime Minister (ODPM).

They heard evidence from many councils and professional organisations. The final report is a damning indictment of current government policy on council housing, and comes out in support of a 'level playing field' and 'investment allowance' to provide the fourth option tenants want.

"We believe that the target of achieving Decent Homes in the social housing sector is being used as a Trojan Horse by the Government in a dogmatic quest to minimise the proportion of housing stock managed by Local Authorities. The government must put its money where its mouth is and leave it up to tenants to decide who should own and manage their homes."

### Extracts from the report: [from section 4]

125. "The Government is in effect using the Decent Homes target as an indirect means to lever local authority housing stock out of direct local authority control, or even ownership..."  
126. "the committee heard evidence to

suggest that there is no clear positive correlation between a separation of the two tasks and excellence in either strategic management or stock management..."

139. "We have not heard evidence that creating an ALMO *per se* enhances the achievement of Decent Homes, or indeed tenant satisfaction. The option of creating an ALMO should continue to be available to Local Authorities, but there should be no financial incentive for Councils to do so."

153. "Apart from enabling Local Authorities to borrow on an equal footing with Registered Social Landlords (RSLs), it would clearly be fair for Local Authorities to receive the same levels of Government investment grants as those available to ALMOs or PFI schemes."

163. "...the commitment to tenant choice is a charade unless Local Authorities are able to act in accordance with the wishes of their tenants. We

recommend that the Government take immediate steps to ensure that where a majority of tenants wish for their homes to remain under Council management, they are not penalised when it comes to access to funding for investment in Decent Homes or any other policy initiatives."

166. "... The Committee is not convinced that ALMOs and stock transfer RSLs necessarily lead to better tenant participation and satisfaction. There is no reason to suggest that the same results and management innovations could not be achieved under Council management, given equal resources."  
220. "our final, but vital recommendation is that the treasury commit additional funding to the Decent Homes policy sufficient to ensure that the current Decent Homes 2010 target be met, and that a subsequent 'Decent Homes Plus' target can also be met."

### Extracts from Conclusions & Recommendations

[20] The Committee recommends that the Government revisit its dogmatic pursuit of separation of stock management and strategic management of housing. A flexible policy and a level playing field is needed so that tenants and councillors can tailor solutions to suit local circumstances. In some cases, the optimal solution, as well as the one preferred by tenants, may well be that the Local Authority retain full ownership and management responsibilities (Paragraph 128)

[23] The prudential borrowing rights introduced through the Local Government Act are not sufficient to create a level playing field. The Committee recommends that Local Authorities be granted wider rights to borrow prudentially against rental income streams for the purpose of improvements to the stock and to help create sustainable communities. We recommend that the Government reconsider adopting the principle of investment allowances to Local Authorities (Paragraph 152)

[24] 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. Consequently, Government financial support available for investment in Decent Homes under those schemes should be available on an equal footing to Local Authorities managing their own stock. (Paragraph 154)

[29] We recommend that a level playing field between the different ownership and management options should encompass not only funding mechanisms directly related to the Decent Homes target, but also funding for wider investment purposes... (Paragraph 172)

[30] 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 (Paragraph 174)

# A waste of public money

## Analysis of PAC / NAO Reports

Stock transfer is expensive, poor value for money, and does not match the government's claims of tenant satisfaction and increased choice. These are the stark conclusions which emerge from the Public Accounts Committee report 'Improving Social Housing Through Transfer', published in March 2003. The committee's report also demonstrates how council housing is undervalued by the government at the time of sell-off, allowing housing associations to make windfall surpluses and extra gains which they are then allowed to invest in private, non-social housing schemes.

### Stock Transfer Costs the Taxpayer More

The report's main conclusion is that 'Housing transfers are more expensive for the taxpayer than local authority repair and renovation.' It bases this on a calculation by the National Audit Office that it would cost '£1,300 a home more than the equivalent renovation under local authority ownership... In terms of the potential total costs, the Office estimated that the transfer of a million homes... would cost the taxpayer £4.2 billion over 30 years'.

**A recent Audit Commission report criticises councils for "mis-selling" the role of board members when promoting transfer. It shows that setting up a separate company with tenants on the board of directors does not 'empower' tenants or lead to the improvement of services.**

Putting tenants on the board of a housing company does not empower tenants. The tenant board members are in a minority, and are legally obliged to put the company's interests before those of tenants. Tenants on boards are completely unaccountable, and there is little evidence of any benefit in terms of improved service delivery. The report looks at housing associations, but its conclusions apply equally to ALMOs, which have the same board structure.

### No Quantifiable Benefits

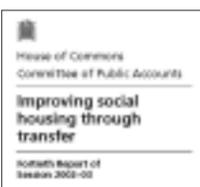
Having tenants on boards doesn't lead to any quantifiable benefit in terms of improved services.

"On involving residents in governance structures, the 'business case' is even less clear. According to our research, there is much less certainty about the benefits of including residents on boards of housing associations." [page 45 para 92]

### No tenant representation

Tenants on the board do not represent other tenants:

"Many tenants of such housing associations feel that they are on the board to 'represent' a constituency of tenants... 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:



### Public Assets Sold Off At Knock-down Prices

The government is selling off public assets for far less than their real value. Councils calculate the value of their 'housing stock' (our homes!) according to government guidelines, but at least two of the assumptions in the guidelines are false. The government assumes that the stock will be worth nothing after thirty years - which the evidence from the National Audit Office demonstrates is not true in practice - and it also uses an artificially inflated figure for interest payments.

"For one of their case study transfers, undertaken in 1995, they showed that if the model had used the landlord's actual cost of capital (4.5%) rather than 8%, the transfer value calculated would have been over £27 million (or 53%) higher."

On top of this, transfer landlords make extra money out of our homes

by 'refinancing' loans. The Housing Corporation and the government have no control over what these surpluses may be used for. In theory, 'Registered social landlords are not-for-profit organisations so any surpluses over those forecast at transfer could be used to supply social housing objectives...', but as the National Audit Office points out:

'Up to 49 per cent of an RSL's activities may be in non-social housing areas... these uses included...market renting'

### Dissatisfied Tenants and Decreased Choice

The government justifies the extra cost of transfer to the taxpayer by saying that there are 'unquantifiable benefits', including increased tenant satisfaction and a greater choice of landlords for tenants.

It is astonishing how little satisfaction levels rise after transfer, with thousands of pounds spent on each home. On average tenants are only 3% more satisfied with the 'condition of homes' - and 6% less satisfied with the 'works undertaken'. Tenants are actually less satisfied with the quality of the repairs service after transfer; and 15% of tenants considered that housing services generally had got worse. 17% of housing associations surveyed by the National Audit Office had already

exceeded guidelines on rent increases.

The report comments: 'A Housing Manager of a local authority might see his salary increase by 20% to 30% on transfer, and this factor could influence the decision to recommend transfer.'

The report concludes that tenants have little choice during the transfer process -

'Tenants may face little choice but to vote for transfer if they want their housing renovated and repaired. The local authority might be their first choice but if the local authority has no financing available to it, tenants have to accept transfer to achieve better homes.'—and even less afterwards:

'In many cases, therefore, the transfer landlord has merely displaced the local authority landlord as the principal supplier, and hence tenants' choice of landlord is not increased.' [615]

### LOCAL GOVERNMENT INFORMATION UNIT HOUSING: THE RIGHT TO CHOOSE

The Local Government Information Unit is an "independent policy and research organisation, which produces information, advice, training and a lobbying service" for local authorities. In June 2004, in the wake of the ODPM Select Committee report into Decent Homes, it produced a pamphlet which argues for real choice for local authorities and their tenants.

The pamphlet examines the history of council housing and the effect of years of under investment, before moving on to look at the current government's policy. It uses the conclusions of the select committee and the experience of a number of different local authorities to show the weaknesses in the government's arguments, and analyses the financial case for stock retention as an option. Finally it calls for councils to be allowed to build new homes, and demonstrates how that would contribute to the wider regeneration of communities, and increased choice. The report concludes:

"Council housing can be a vital part of achieving sustainable communities, of joining up services, and of working in partnership with other organisations and residents... The case for equal treatment between tenants that choose to stay with the council and those that opt for change is compelling."

that is, that the directors responsibility takes supremacy'

The report is critical of the promises made to tenants before transfer:

'Sometimes problems stem from expectations that are set up when resident board members are recruited... expectations may be raised at the time of transfer about the role of tenant board members... Often this misapprehension is a direct result of mis-selling the role at the time of the ballot. 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.'

It recommends tenant board members should be recruited by 'selection', not elected by tenants.

"While housing associations and board members may have a clear view of the role of board members, this does not

mean that the resident body will necessarily take the same view. One director of operations told us: 'the role of tenant board members is not always understood by tenant representatives outside of the board. They want them to behave like representatives and put pressure on them to do so.'" [page 49 para 101]

### Government should stop this mis-selling, the report says:

"The Housing Corporation and the Office of the Deputy Prime Minister should consider whether current advice and support on the recruitment of resident board members in LSVT associations and arms length management organisations is adequate to address the common misperception that they are there in a representational capacity." [page 53 para 108]

# THE CASE AGAINST STOCK TRANSFER

**Transfer threatens tenants' rights.** Transfer of council housing to a Registered Social Landlord (a housing association or similar company) means higher rents and charges, more evictions, a less accountable housing service, and big pay rises for senior managers. Our homes will be privatised—transferred into the market-driven private sector where banks and building societies are in control.

## More Evictions, Higher Rents and Worse Services

Council tenants' secure tenancies are replaced with 'assured' tenancies, making eviction easier. 16.5 percent of RSL evictions involved the use of automatic powers under controversial 'Ground 8' (which cannot be used against council tenants) according to a National Housing Federation survey of 116 RSLs. Pledges not to use this are legally worthless. Overall evictions by RSLs (Registered Social Landlords) have risen by 36 percent. Figures from Communities Scotland show the number of housing association evictions has risen by 64 per cent in two years to 522 in 2000-01. That equates to 3.7 in every 1,000 tenancies, compared to what Shelter says is 2 in every 1,000 for councils. (Inside Housing 19 Feb 03)

RSL rents are higher than councils—17 per cent on average, despite attempts to close the gap. Service charges are also higher, as tenants pay for the higher cost of borrowing and repairs. The RSL post-transfer rent guarantee only lasts for five years—and 17% of RSLs break these guarantees.

One third of RSL tenants' homes will not reach a decent standard by 2010. Transfer RSLs have housing management costs a full 39 percent higher than local authorities. Their chief executives receive fat-cat salaries. 'David Bennett, managing director of Sanctuary Housing, one of Britain's

biggest housing associations, received a total pay package of £213,000 last year.' (Guardian 27.8.03)

Ordinary workers lose out. Government research found only 35% of staff transferred to RSLs were still on their former local government terms and conditions. (DTLR Dec 2001) Many are anti-union or have very limited recognition agreements with unions.

## Privatisation

'Large Scale Voluntary Transfer is a private-sector landlord in legal terms' (Gwyneth Taylor, then Head of Housing Local Government Association, 2002). RSLs are private companies in law; their borrowing is private not public. RSLs borrow directly from private lenders at higher costs than councils. They function increasingly like businesses, with mergers, takeovers and lenders in the driving seat.

The Housing Corporation, watchdog over Registered Social Landlords, actively encourages mergers and takeovers. (Rationalisation and Restructuring, Housing Corporation Nov 2002).

John Belcher, chief executive of £185.8 million turnover Anchor Trust, says 'We're a business and all our divisions are expected to make a surplus' (Guardian 8.1.03)

## Less Democracy

Direct accountability of council landlords is lost. Transfer landlords often cross council boundaries and cannot be held to account locally, affecting services to the homeless, joint waiting lists and nomination rights. Many tenants who transfer find themselves (without warning, and without a ballot) tenants of a completely different landlord who has no interest in local concerns.

Few RSLs have effective tenants' associations and tenants on the board are legally barred from acting as representatives of other tenants. The Housing Cor-

poration now allows board members to be paid. (See page 6 tenants' involvement in boards).

## Expensive Waste of Public Money

Transfer wastes public money and diverts funds from where they are most needed.

The National Audit Office criticised the high cost of improving homes after transfer—£1,300 per home more from public funds than the cost under local authority management. The Commons Public Accounts Committee (PAC March 2003) concluded that transfer has 'led to the undervaluation of the homes transferred so far, resulting in a greater contribution from the taxpayer than was necessary to deal with, for example, the backlog of repair' (detailed summary page 6).

Government argues that stock transfer brings in extra money from the private sector, but it's just an accounting fiddle. It makes government spending invisible by moving the borrowing out of the public sector and 'off-balance sheet'. The government budgeted £800m last year to write off debts left after the housing stock had been sold. It has handed over billions to housing associations to take on 'negative value' estates. Tenants and taxpayers pay again toward higher rents through higher housing benefit (£240 million a year higher, according to UNISON's calculations). And what has all this achieved? 'stock transfer' has taken place generally in the least deprived local authority areas (Source: Hansard, written answers, 4 July 2002, col 563W)

The number of new homes built in Britain over the last five years is lower than at any time since the second world war. 'The biggest loss of new homes is in the social sector...caused by the ending of the local authority house-building programmes' (Roof magazine July/August 2003)

## The case against PFI

The Private Finance Initiative (PFI) is new in housing, but has an appalling record in schools and hospitals. Housing PFI schemes are expensive, poor value for money, and risky. They will lead to worse services and escalating costs, with profit-driven companies managing our homes. Tenants on the Maiden Lane estate in Camden voted by over 80% to say NO to PFI in a recent ballot. (February 2004).

### PFI is expensive

The National Audit Office says PFI value for money claims are based on 'errors, irrelevant or unrealistic analysis and pseudo-scientific mumbo-jumbo.' High rates of interest to banks and profits for the private company mean less for repairs and improvements. 'PFI credits' only cover part of the high costs of running the scheme—all the council's tenants will be subsidising the extra costs of a private company running one estate. Leaseholder contributions are capped at £10,000 per property—which means that tenants could be subsidising leaseholders in the PFI scheme by up to £80,000 each.

### PFI is risky

PFI does not transfer the financial risk. In cases where the finances do not stack up, the PFI consortiums demand and get more government subsidy. Mowlem (eight PFI contracts with total value £826 million) says PFI offers them 'longer-term revenues than traditional procurement methods and carries significantly lower risks'.

### PFI takes years to set up

PFI schemes are long-winded, complicated and often delayed by hard haggling. The Chalcots PFI, one of the first 'pathfinder' schemes, is still on hold after five years. Costs escalate before contracts are finally signed—reportedly by over 60 per cent in Sandwell, and to more than double the original estimate of £21 million on Chalcots. Five years and several

millions of pounds later, on Chalcots no improvements have been carried out at all.

**Public housing not private profit** Private finance is expensive—costing much more than direct government borrowing. PFI developers expect a 15% profit on their investment, 'generating income' from your estate. PFI deals often involve 'gifts' of public land as an incentive, with council homes on the sites demolished. In Leeds the Little London scheme involves the loss of 200 council homes, to be refurbished and offered at yuppie rents.

### PFI - escalating costs

Massive amounts will be spent on lawyers, consultants, monitoring the contract and higher senior managers' pay. Because PFI schemes are so complicated they provide a gravy train for all sorts of different advisers and consultants to get their sticky fingers on.

### PFI—worse services

PFI schemes are notorious for poor standards and being difficult to police. If your council has any services contracted out for even five years, you'll know how difficult it is to get the contractors to do what they promised. The idea that tenants will be involved in monitoring a thirty-year contract with a private developer is nonsense. With an 'output' based monitoring system and the fact that only 10% of any payments can be withheld when targets are missed, tenants have little chance of influencing the quality of the services they receive.

The idea that these private companies will be running our estates when our children are the tenants is truly frightening. The extra costs involved, the contracts negotiated behind closed doors, and the real danger that contracts can and do go pear shaped at our expense, mean council tenants will lose out if we let them bring in PFI.

# The case against ALMOs

Arms Length Management Organisations are the government's strategy for two-stage privatisation. Democratic control is lost with the management of our homes moved into a separate private company; and tenants' power is undermined by a board on which tenant reps are outvoted and bound by corporate responsibility. Millions is wasted on consultants, lawyers and other set up costs, new offices and big new salaries for top managers.

**This government wants to privatise council housing—ALMOs are a key part of their strategy**

This government is clearly committed to privatisation of public services. The government's election manifesto in 2001 included a target of selling off 200,000 council homes a year each year until 2010. But tenants in most major towns and cities won't accept a straight sell-off. That's why Ministers have come up with this ALMO (Arms Length Management Organisation) formula—originally used by the Tories in the 1980s to privatise local authority bus services. We call it two-stage privatisation.

The council sets up a private company to manage its homes. The council still owns the housing stock. The governments aim is to divide us, so the second stage will be easier to achieve, with tenants split up and a new company running their homes.

The second stage—privatisation—is already happening in some areas. Westminster ALMO ran out of money after two years and tenants

on two large estates were told their homes must be sold off if they want the promised improvements. In Hillingdon, now managed by an ALMO, 500 empty homes are being sold off without a ballot in a process known as 'trickle transfer'. Other ALMOs are already contracting out services and demolishing estates.

What will happen when the ALMO's five-year contract with the council comes to an end? 'Arm's-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 3.9.04). This is exactly what we predicted and why we describe ALMOs as two-stage privatisation.

We all want improvements to our homes but we are not prepared to bow to blackmail. Ask yourself: why can't the government give the extra money to the council direct—as tenants are demanding—unless they have a privatisation agenda?

An ALMO 'is compatible with achieving full stock transfer in the longer term.' (PriceWaterhouseCoopers report for Haringey council, June 2001)

Wendy Jarvis, ODPM head of local authority housing finance said

ALMOs 'don't own their stock at the moment. We have to look at their structure again...The housing association model is an obvious one to look at and we are looking at it...Our view has to be that it stays within the Whitehall family until we have formulated our own views and particularly that the Treasury is comfortable. Then we will go out to the rel-

evant private sector partners.' (Inside Housing 13.6.03)

**Elected councillors will no longer be accountable for what happens to our homes. It's a recipe for excuses**

Council housing is the only form of housing where tenants elect their landlord. Keeping our homes under democratic control is worth fighting for.

**A separate private company means less co-ordination between housing and other services—when we need more! (see p x)**

**Tenants on the board will not be allowed to represent our interests—their hands will be tied by company law**

The biggest argument used by supporters of ALMOs is that having tenants on the board will give us real power. But this is not true in law or in practise as recent research and a damning Audit Commission report make clear (see page 6).

The first councils to set up ALMOs had the support of key tenants' representatives. Decisions were taken very quickly and without real public debate. Almost nowhere did tenants hear the arguments against, until the campaign in Camden where the ALMO train was finally derailed.

'Real tenants' power is what happens when democratically elected politicians have to listen to a large enough collective voice' Lesley Carty, Camden DCH

**Massive amounts will be spent on consultants, re-organisation and higher senior managers' pay**

Setting up a new private company isn't cheap—Leeds spent an extra £1 million on managers alone. Ashfield's ALMO cost £2 million to set up. ALMOs have spent tenants' rents on new corporate images and logos, money which could have been used for repairs! Ordinary housing workers will lose out by being TUPE transferred, and staff turnover and demoralisation will affect the service. Camden council spent £500,000 trying in vain to persuade tenants to accept an ALMO. It's an outrageous waste of tenants' money.

**Risky—you won't necessarily get the money**

One in three ALMOs haven't received the promised money. Unless an ALMO gains at least a '2 star' rating the government won't give them the extra funding. Leeds set up six ALMOs, but only two got enough stars. Salford ALMO—along with others—has failed to get 2 stars. Tenants are left with all the expensive setup costs and no extra money.

**Winning direct investment without strings is worth fighting for. We've already won concessions. We can win much more!**

Government say they are in favour of 'choice in public services'. Ministers are under increasing pressure to concede a 'fourth option' of direct investment with no strings attached. Vote No to ALMO and tell them we want direct investment in council housing!

## Tenants marginalised and powerless

In a study of housing association boards, including extensive research, Liz Cairncross' most important conclusion is about the marginalisation of tenant board members:

'Non tenant board members of housing associations have increasingly become 'elite volunteers', that is predominantly male, graduate professionals and managers... There is a danger that boards dominated by professionals are likely to assume a level of knowledge

and understanding, particularly on the financial side, which tenant board members lack, leaving them marginalised and unable to contribute effectively to board discussions.'

She notes the increasing commercialisation of Housing Associations:

'The introduction of discretionary payment for board members... is another indicator of the growing parallels between the private and housing

association sector... Walker (2000) characterises housing associations as behaving increasingly like private sector organisations 'property-driven' and managing stock as an asset to maximise returns'

She confirms tenants can not represent other tenants on the board:

'While tenant board members may perceive themselves and be perceived as representatives, formally their accountability is to shareholders,

fundamental and the regulator as individual and corporate members of the board, primarily an upward accountability.'

There is a complete loss of democratic accountability in this process, and it causes problems for the tenant board members because of their 'uncomfortably ambiguous role'.

Tenants on the boards of transfer associations are only there in a 'symbolic' role: 'tenant board members are valued in giving legitimacy to

transfer associations'. The role of voluntary board members is 'primarily symbolic, providing a fig leaf to cover the unpalatable fact that the real power lies elsewhere.'

She quotes research showing:

'boards were subject to processes of manipulation, screening and institutionalised pre-emption... hapless and manipulated by chief executives and other executive directors.'

**DEFEND COUNCIL HOUSING**



deputy prime minister

**PRESCOTT  
CONCEDES**

*"Public financing of housing doesn't treat local authorities on a level playing field and I want to see that changed"*

**Labour Party conference, 26 September 2004**

**TENANTS, TRADE UNIONISTS,  
COUNCILLORS AND MPS SAY**

**NO STOCK  
TRANSFER  
PFI OR ALMO**

**STOP PRIVATISATION  
INVEST IN COUNCIL  
HOUSING**

Defend Council Housing **write** PO Box 33519, London E8 4XW  
**phone** 0207 987 9989 **email** [info@defendcouncilhousing.org.uk](mailto:info@defendcouncilhousing.org.uk)  
**website** [www.defendcouncilhousing.org.uk](http://www.defendcouncilhousing.org.uk)

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