

Pressure swings pendulum back to council housing

Ministers are being squeezed between the growing housing crisis and continued resistance to privatisation and demands for investment in first class council housing. There's a real opportunity to win the 'Fourth Option' for council housing we've all been campaigning for.

Demand immediate moratorium on 'stock option appraisals' and further sales and privatisation

No council (including those ALMOs talking about privatisation options) should be wasting more tenants' money on expensive 'stock options appraisals' when the government is conducting a 'Review of Council Housing Finance'. It is almost criminally negligent for politicians or senior council officers to propose that an authority sell off a valuable public asset when Ministers have committed the review will "ensure that we have a sustainable, long term system for financing council housing" and "consider evidence about the need to spend on management, maintenance and repairs".

We need an immediate moratorium on stock options appraisals, sales of homes and land and stock transfers until the outcome of the review is known and fully assessed! The bullying and blackmail has to stop now!

Fully funding allowances key

It is encouraging that the Department for Communities and Local Government (CLG) has recently commissioned new research (as demanded by DCH) to assess the amount required to fully fund Management & Maintenance (M&M) and Major Repairs (MRA) Allowances.

The government's recent 'opt out' pilot identified that allowances are massively underfunded. Calculating the scale of underfunding – the main reason councils cite for promoting sales and privatisation – is an obvious prerequisite to negotiating a settlement that guarantees the future of first class council housing.

Labour's internal debate progresses

The internal Labour Party discussions at their Warwick National Policy Forum at the end of July showed Ministers are feeling the pres-

Read the DCH initial submission to the government's Review of Council Housing Finance and the recent 'Dear Gordon 2' pamphlet



What you can do

- Get your organisation to bulk order the new DCH national eight page newspaper (£20 per 100 / £120 per 1000 copies) and 'Dear Gordon 2' pamphlet for tenants, trade unionists and councillors in your area
- Find out what your council (including ALMOs) is doing: can it fully fund improvements to existing homes, is it proposing another 'stock options appraisal', proposing to sell homes or land (including setting up a Local Housing Company, Special Purpose Vehicle or similar) or planning stock transfer – and let DCH know
- Use this briefing as the basis for a press statement or letter to local media to inform tenants about progress in the campaign and argue that investment in council housing is the most effective way to tackle housing need
- Affiliate/re-affiliate to DCH, subscribe to postal mailings and register on DCH website for email broadcasts. Encourage others to actively support the campaign too

sure to provide the 'Fourth Option' of direct investment and a level playing field for council housing. More Constituency Labour Parties submitted DCH sponsored amendments than on any other issue and the three biggest unions, Unite, UNISON and GMB, also tabled amendments on investment in council housing

Social Housing Grant for council housing – a real step forward

Housing Minister Caroline Flint finally conceded at Labour's policy forum "For the first time local authorities will be able to apply for social housing grants... Access to these funds will allow good councils to build new council homes to allocate to tenants on the basis of the same system of affordable rents and secure tenancies which apply to existing council homes." This satisfies one of the four key demands that make up the 'Fourth Option'.

A commitment to build new "1st class council housing" (they're even starting to use our terminology) is significant: it is the most effective way of providing the 'secure' homes with low rents and an accountable landlord that people need; sends an unambiguous message that council housing is here to stay; and makes it even clearer to all concerned that government has to put in place a housing finance regime that ensures that both existing and new council housing is maintained at first class housing for years to come.

'Decent Homes' needs gap funding

Labour's National Policy Forum also reinforced a clear commitment to ensure councils can meet the government's Decent Homes standard. Ministers have previously tried to walk away from their 2005 manifesto commitment "By 2010 we will ensure that all social tenants benefit from a decent, warm home with modern facilities".

Flint acknowledged "We all agree that tenants in authorities which

have decided not to transfer their housing stock or set up an ALMO deserve Decent Homes too. The Party and conference have been clear about this and we have listened.” The Minister promised “I will continue to work with these councils to put in place the necessary strategies to achieve the Decent Homes standard”.

Asset stripping not acceptable

We need to define the ‘necessary strategies’. These have to include additional resources. It is not acceptable that councils are being ‘encouraged’ to bridge their funding gap by selling council homes and asset stripping council land. When most authorities have growing council housing waiting lists then homes are precious. It is clearly nonsense for councils to start selling existing homes just as government has agreed to provide grants to build new council housing.

Ministers have to provide funding to enable all authorities to meet the Decent Homes target. ‘Gap funding’ has been available where authorities privatise their housing and the new landlord demanded a ‘dowry’ to pay for improvement. Tenants in authorities that retain their housing are entitled to a ‘level playing field’ on gap funding.

Review outcomes crucial

Ringfencing all rental income and capital receipts and a ‘level playing field’ on debt write-off are the other two elements of the ‘Fourth Option’ that need addressing. Both have been supported by successive Labour Party conferences. Together these would end the robbery from tenants rents and provide the necessary resources to fully fund allowances to manage, maintain, repair and improve first class council housing – for existing tenants and for future generations.

Alliance of forces growing

Government is still fighting a rearguard battle to avoid coming to these conclusions but the pressure is mounting. In June the Local Government Association issued a policy document (*My rent went to Whitehall*) supporting calls for rents and capital receipts to be ring-fenced and allowances for M&M and MRA to be substantially increased. The paper was supported by the Chartered Institute of Housing (CIH), Chartered Institute of Public Finance Accountants (CIPFA), the Councils with ALMOs Group (CWAG), the Association of Retained Council Housing (ARCH) and the National Federation of ALMOS (NFA).

The government’s Review of Council Housing Finance provides the opportunity to bring the battle over council housing to an end. The timescale is ominous – particularly with a general election not that far off – and tenants in many areas are facing new threats to privatise their homes (see DCH Initial Submission).

After years of false promises Ministers need to prove that this time they are sincere in their commitment to provide a “sustainable, long term system for financing council housing”.

Interim measures essential

To install confidence and earn back some trust government needs to do two things: provide gap funding for councils unable to meet Decent Homes and announce significant increases in M&M and MRA allowances in the draft subsidy determination for 2009/10 due in December 2008.

Determination stronger than ever – together we can win

The alliance of tenants, trade unions, councillors and MPs is determined to secure the future for first class council housing. We’re winning the support of more politicians, housing professionals and academics too. We need your help too...

TWO BIG POLICY ISSUES TO DEBATE

Is ‘opting out’ and Local Housing Companies the latest strategy to try and undermine support for direct investment in council housing and weaken the campaign to avoid conceding the ‘Fourth Option’?

Breaking up the national HRA risky for tenants

Some councils are encouraging tenants to support breaking away from the national Housing Revenue Account system. But behind the talk of localism, greater accountability and supposed ‘business efficiencies’ lie real risks for tenants.

If we lose the national unity of the council housing sector it will make it politically easier for supporters of privatisation to bully tenants into accepting stock transfer down the line. ‘Opt out’, like stock transfer, is a ‘one way ticket’ - there’s no going back. There’s a real risk that council business plans fail (due to wrong financial assumptions, lack of macro economic expertise or bad financial management) and could lead to councils selling homes.

The real problem facing tenants is the lack of resources going into Management & Maintenance and Major Repairs Allowances. Getting government to fully fund these allowances – within the national HRA – secures the improvements we need with a sustainable future for council housing and avoids exposing tenants and their homes to changes in inflation, interest rates and other economic factors which government is better placed to be responsible for.

There is an advantage in councils being able to plan ahead. If we secure a new finance regime based on government fully funding allowances there is no reason why a formula for setting allowances can’t be agreed that allows authorities to predict their income over a 30 year period and so plan accordingly without opting out.

Local Housing Companies – public/private partnerships have bad track record and are risky

The government’s latest idea is to encourage councils to set up public/private partnerships to build new homes. Councils are expected to put valuable public land into the pot and get little back in return. Private developers are keen since they can’t afford to build without public sector help!

Most of the homes will be for sale and beyond the reach of local people who need them. Even the small number labelled ‘affordable’ or ‘social’ homes for rent – including those called ‘council housing’ – will have housing association ‘assured’ tenancies instead of council ‘secure’ tenancies. They are not ‘council housing’ at all!

If the credit squeeze and property slump continues it’s not hard to predict the final outcome will be even worse!

The Local Housing Company formula (referred to as Local Development Companies or Special Purpose Vehicles in some areas) looked like an asset stripping charter to boost private housing when it was launched in the Housing Green Paper last year (14 councils are on the pilot: Leeds, Sheffield, Nottingham, Newcastle, Wakefield, Sunderland, Dacorum, Harlow, Peterborough, Bristol, Plymouth, Wolverhampton, Manchester and Barking and Dagenham). It makes even less sense now that the Housing Minister says councils can access Social Housing Grant.

If councils have public land, can get Social Housing Grant to build real council housing and will be able to keep all the rents and receipts from new build, why take the risks and enter into a public/private partnership?

If your authority is considering a LHC or SPV demand that they use public land and Social Housing Grant to build new first class council homes for those on the waiting list instead.

Make sure there’s an informed public debate in your area before the council makes any decisions and let DCH know.

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