

THE CASE FOR COUNCIL HOUSING IN 21ST CENTURY BRITAIN



'FOURTH OPTION' for COUNCIL HOUSING



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“By 2010 we will ensure that all social tenants benefit from a decent, warm home with modern facilities.”
Labour Party Manifesto, May 2005



Bevan's policy was to restrict severely private house-building, allowing only one private house for every four built by local authorities, to order local authorities to requisition empty houses and derequisition those it had taken over as offices, to toughen rent controls, put first priority on repairs to unoccupied war-damaged dwellings, and charge local authorities with the task of building, either through direct labour organisations or on contract with private builders. He persuaded Dalton not only to treble the subsidy for council housing and extend it from 40 to 60 years, but to shift the balance so that three quarters of the cost rather than two thirds came from the Exchequer, and only a quarter from the rates.”

● **Nicholas Timmins, *The Five Giants – A biography of the Welfare State* Fontana 1996**

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Let's Save Council Housing

by Austin Mitchell MP, House of Commons Council Housing group

Labour's 2005 manifesto made a clear commitment, that "By 2010 we will ensure that all social tenants benefit from a decent, warm home with modern facilities."

It did not say we would kill off council housing in the process. But disastrously, and dishonestly for our party, there are some who want to turn that carrot into a big bad stick.

Ruth Kelly, the new Minister for the new Department for Communities and Local Government, has asked Professor John Hills to conduct an open ended review into 'the role of social housing in the 21st century'. Ruth said 'We must be open to debate and discussion – recognising risks but also welcoming opportunities.' (Ruth Kelly MP, 20 June 2006). She's right. Let's think anew.

Instead of doing that the Smith Institute, with their 'Rethinking social housing' crudely argues that a 'secure tenancy' for life encourages 'dependency' and should be scrapped. Rubbish. The people who usually wrap their neo liberal proposals in the language of 'choice' are now nakedly arguing that government should be pushing everyone into home ownership.

Like the Fabian pamphlet "Transfer of Affections", written by Jeff Zitron which argued government should transfer all council homes without balloting

tenants, this new collection of articles is meant to polarise the debate to the right.

The aim of these doctrinaires is to drive through another major attack on council housing against the unprecedented alliance of council tenants, trade unions and elected councillors, MPs, AMs and MSPs across all parties.

The battle is hotting up. There are still almost three million council tenants across the UK, despite unimaginable bullying and blackmailing of tenants to accept one of the government's three privatisation options of stock transfer, PFI or arms length management companies (ALMOs). Many tenants have rejected privatisation or are actively fighting proposals in their area. Some 98 English local authorities have already formally decided to retain their council homes with the support of their tenants, along with a majority in Wales and Scotland.

So despite the propaganda onslaught and the underinvestment, there is growing awareness that council housing is an essential part of the comprehensive welfare state, the envy of working people across the world. The privatisers are losing the argument.

Nowhere are tenants enthusiastic for privatisation. It only ever goes through because tenants have been conned or bullied into thinking that it's the only way to get improvements to their homes.

Labour Party conference has voted by overwhelming majorities two years running for a change of policy. Under this pressure, the Labour Party National Policy Forum set up a working group to address the 2005 conference motion which 'calls on government to provide the 'fourth option' of direct investment to council housing as a matter of urgency'. That working group must lead to a change in policy not push the debate into the sidings.

The debate is not going away. The financial case for direct investment and the 'Fourth Option' is clear. If all the money that belongs to council housing is reinvested then council homes and estates can be improved by councils, which is what tenants want.

So called 'not for profit' Registered Social Landlords are making massive surpluses, providing big pay rises for senior managers and consultants and profits for the banks. Tenants pay with less security, higher rents and charges and lose any means of holding their landlord to account. Increasingly RSLs are asset stripping estates and selling off land to build lucrative private homes.

Back in June we cautiously welcomed Ruth Kelly's new discussion paper. Ministers were forced to address widespread condemnation of the current housing finance system (including sharp criticism from their own Audit Com-

mission watchdog) that sees the Treasury siphoning money out of council housing. Kelly's department also announced a pilot scheme to allow good performing councils to opt out of the national housing revenue account and so keep all their rental income and capital receipts.

That's a start. But there are better mechanisms to provide a 'level playing field' and solve this problem. The old ODPM itself floated the formula of a new 'investment allowance' to fund improvements. The House of Commons Council Housing group, recognising the Treasury argument about linking additional public investment to performance, suggested government set up a 'Continual Improvement Task Force' to help councils. The Labour Housing Group has produced new proposals for a 'Retained Management Option' based on ringfencing council housing's income and inviting good performing councils to bid for additional money from it.

The government's discussion paper had a more council housing friendly tone but its punch line was negative. Ruth Kelly specifically announced she was proposing to deny tenants who have rejected privatisation any choice by 'making this the last bidding round within the decent homes programme'.

That's unacceptable. The government was elected on a commitment to improving the standard of council housing. The future of council housing was a key issue in many areas during the last local elections. Government can't credibly offer tenants a choice and then ignore the outcome. They can't break manifesto commitments and still expect to get re-elected.

The new mantra attempts to sell 'home ownership' as the aspiration for everyone and the solution to the growing housing crisis. But there is not only a major problem with affordability (even costly subsidised shared ownership schemes for key workers fail to bridge the gap) but many people prefer to rent a home. Shelter found that 72% of those in housing need put 'affordability' and a secure neighbourhood above 'ownership' in their list of priorities.

This pamphlet, in a wide range of voices, sets out the case for council housing in 21st century Britain – for the benefit of existing tenants, their children and the 1.5 million families on council waiting lists.

It is a treasury of facts and arguments to defend one of our key public services. Read it and fight back. Because unlike the government's self serving lies, it's the truth.

● Austin Mitchell MP is chair of the House of Commons Council Housing group of MPs

Addressing housing need

Why council housing is desirable and we need more of it

by Michael Meacher MP

It has become fashionable to believe that social housing is now a serious drawback for those living on Council estates, from which they urgently need to be rescued by new forms of market provision.

In the recent Smith Institute pamphlet, for example, entitled 'Rethinking Social Housing', it is argued that social tenants are now "subject to systematic barriers that restrict geographical mobility and cultivate pockets of concentrated unemployment, social exclusion and multiple deprivation".

In short, Council housing is bad, and should be urgently replaced by markets innovating new structures of individual ownership.

There are several reasons why this argument is wrong.

First, extensive poverty and deteriorated housing stock are indeed found on many Council estates, because investment in local authority housing was cut by nearly 80% in the Thatcher years, but that does not imply that tenants are all rushing to embrace the private sector or market ownership.

It implies both that much more should be done to tackle the roots of poverty, which go far wider than poor housing, and that local authority housing, having been starved of resources for two decades, should now be put on a level playing field with other housing tenures including owner occupation.

Second, a switch into private home ownership is simply not practicable for

a majority of those in the lowest quartile of the income distribution.

Even the latest Homebuy schemes, key worker shared ownership, and assistance for first-time buyers through subsidised mortgages fall well short of overcoming the problems of low income and undue exposure to misfortune.

Research by Hometrack, a leading property firm, in 2005 found that in four out of five UK cities shared equity schemes were useful to less than half the population.

In Birmingham, Newcastle, Manchester and Cardiff only one in seven households could afford even 75% of the average price of a flat, and in London it was almost zero.

Third, even if social tenants could in practice move into home ownership, many, perhaps most, would not choose to do so.

Despite the government's blackmail it is remarkable that tenants in 100 local authorities voted to stay with their local Councils.

If the Government's constant mantra about choice means anything, this decision should be respected and they should receive repairs and maintenance allowances on a par with other housing (the 'Fourth Option').

Fourth, more council housing is now urgently needed to deal with the growing crisis of homelessness which has doubled over the last decade to 100,000.

The reasons for this are the chronic shortage of affordable housing, the low level of investment in new social build, the steady reduction in local authority housing units through Right to Buy sales, the withdrawal by central government from local authorities of 75% of the capital receipts from Right to Buy (£550 millions a year), the extraction of £1.55 billion a year by central government from Council housing revenue accounts, as well as rising land prices in major cities.

Also underlying the intense shortage of affordable housing, particularly in the South-East, is the almost complete lack of regional policy seeking to distribute industry and employment, and hence the need for housing, much more evenly across the country.

The market is at its least effective in addressing these problems – indeed to a large extent it is the cause of the problem.

It is clear that the private market is not, and probably cannot, solve this problem.

But nor are housing associations.

The number of RSL dwellings completed in England fell by half from 31,400 in 1994-5 to only 16,600 in 2004-5.

The only source able and likely to provide the scale of affordable housing now clearly required, both backlog and new need, is local authorities.

12 Why council housing is desirable and we need more of it [Michael Meacher MP](#)

But this too requires a huge turnaround in current housing policy since the number of local authority dwellings completed in England has plummeted from 13,000 in 1990-1 to a mere 100 in 2004-5.

None of this of course is to deny that many Council tenants have good reason to be dissatisfied with their current situation – with the gradual dilapidation of some estates, the need for upgrading at least to Decent Homes standard, the provision of proper repairs and improvements, and the development of a quality neighbourhood with maybe mixed tenures.

And yes, they do want more choice, but not to be pressured against their wishes into market opportunities for private developers, and not to be told by New Labour ideologues aided and abetted by a starvation of funding that living on Council estates is stigmatising and a focus for entrenching poverty.

Council housing need be none of these things: there is no reason why, given the resources and given the empowerment of the tenants, it cannot be on a par with other quality housing.

Because the market cannot and never will provide this, that is the key role now for local authority housing, and why we need much more of it.

● **Michael Meacher is Labour MP for Oldham West and Royton**



**Market forces often create transient
not sustainable communities**

Housing plays a critical role

by Dave Prentis, UNISON

UNISON has long campaigned for decent council housing and to support the real wishes of council tenants and councils over the future of the homes they live in and manage.

Against all the evidence that direct investment would be cheaper and deliver faster improvements, tenants, councils and housing workers are all too often marched down the route of stock transfer, ALMOs or PFI against their wishes.

That so many councils have held against transfer or privatisation is testament to the strength of feeling amongst tenants and councillors. UNISON has campaigned hard for direct investment and will continue to support tenants and local authorities who oppose transfer.

But in calling for a level playing field for investment in council housing we need to step up our call for more decent, affordable and better housing for all. And that includes more council housing.

We know that housing plays a critical role in improving the welfare of our communities. Study after study has demonstrated that if we want better health, better educational achievement and safer streets, then we cannot afford to do that without high quality social housing.

The consequences of the lack of social housing are far reaching and very distressing:

- The number of houses built in the UK has fallen from 42,700 per year in 1994-

95 to 21,000 in 2002-03;

- Independent research commissioned by Shelter estimates that 48,000 new social rented homes are required each year to meet newly arising need;
- In 2005 the number of homeless households living in temporary accommodation in England topped 100,000 and Shelter also reveal that over one million children are living in overcrowded, unfit or temporary accommodation;
- There are 1.5 million households recorded as on the waiting list for social housing;
- Households are now paying the highest proportion of their incomes towards housing costs for generations, something that public sector workers are acutely aware of. A recent report found that 90% of towns in the UK have become unaffordable for many public sector workers who are now borrowing as much as six times their salary in order to purchase a home where they work.

These statistics are shocking and every day it is our members, not only in housing but also in social care, education and the NHS, who have to deal with the consequences of homelessness, overcrowding and unhealthy living conditions.

There has been a missed opportunity for the government to propose council housing as a solution to dealing with the current housing crisis.

In the government's response to Kate Barker's review of the supply of housing there is a promise to respond 'with ambitious plans for increasing social housing supply, with new investment alongside further efficiencies and innovation in provision, as part of 2007 Comprehensive Spending Review (CSR).'

A striking feature of recent government announcements in relation to housing is that it has so little to say about local authorities being directly involved in new build. We seem to be finding ourselves facing a situation in which the lion's share of new development announced in the CSR comes from ALMOs, housing associations and variants of PFI.

Ruth Kelly has indicated that she wants to see local authorities taking an increasingly important strategic role on housing as leaders of their local areas, using planning powers as well as housing policies, to create mixed communities, particularly in areas of concentrated disadvantage. Local authorities should do this but they should also be able to continue with their traditional role as that of a social housing provider.

Council housing is not just an ideological aspiration, it is a significant economic activity that adds to the national wealth, it can be used to create the conditions for social inclusion and would provide a robust solution to the current housing crisis.

● Dave Prentis is general secretary of the trade union UNISON

What *is* the Housing Problem?

by Professor Peter Ambrose,
University of Brighton

To judge from TV programmes the housing problem is about how best to increase the value of your property or to buy overseas in some area likely to show future value increase. To judge from Government pronouncements it is about yet more owner-occupancy and solving the house price spiral and the shortage of ‘social’ and ‘affordable’ housing with massively increased output. To judge from regeneration managers it is about how to achieve higher house prices as an indicator of the ‘health’ of their area.

But in the real world the situation worsens for millions. A recent HBOS survey shows that nurses cannot afford to buy in 97% of the towns surveyed. This had been true in only 43% of the towns in 2001. The asking price for a house in 339 of the 519 towns surveyed was unaffordable for police officers, ambulance staff, firefighters, nurses and teachers. In 2001 this applied in only 124 of the towns. Such workers are crucial to the economy and the welfare of the population. If they cannot buy what do they do? Leave the area and/or the job? Is this not more important than knowing in which part of Slovenia to buy a holiday home?

We must broaden the debate and redefine terms. An adequate supply of decent, affordable homes, for rent and to buy, is not some social ‘add-on’. It is a crucial element in the country’s infrastructure – as vital to the workings of the

economy as the transport and energy supply systems. 'Social housing' is meaningless as a term. It is taken loosely to mean 'subsidised housing' but for decades owner-occupiers have been more heavily subsidised than tenants. So we almost all live in 'social housing'. The Government's use of 'affordable' is an affront to the English language. To the ODPM Enquiry into Affordability and the Supply of Housing the term simply means 'housing below market price or rent' (how much below? 1%, 30%, 80%?). The definition of 'affordable' advanced by the Zacchaeus 2000 Trust (see Memorandum to the Prime Minister on Unaffordable Housing 2005 on www.z2k.org) spells out a definition people can relate to – 'affordable' means that once all your housing costs and taxes have been paid you have enough left to live a healthy, safe and socially participative life and to make some meaningful pension provision. Z2K's attempts to have this definition adopted by the Enquiry were met by the Chair's response that the difference between the two definitions was 'merely semantic'.

Escalating house prices are an inescapable part of the general affordability problem. House values impact on rents for local authority housing by means of rent-setting formulae and on private sector rents in terms of expected yields on capital values. They make life much more difficult for councils and RSLs with a building programme by inflating the price of development land. If house prices had risen since 1975 with general price inflation the average house price in 2005 would have been £60k (with a regional range of £39k to £93k). Instead it is almost three times as much.

Why is this? There are several drivers but the most obvious appears to be the massive and disproportionate flow of mortgage lending since the Thatcherite deregulations of the finance sector in the 1980s. The 1980 house purchase debt outstanding was £53bn. If one updates using the Retail Price Index the 2003 figure would be £144bn. If one allows for the expanded owner-occupancy stock it would be £181bn. The actual 2003 figure was £774bn and it is now much higher (see again the Z2K Memorandum). The figure has moved from the equivalent of 23% of GDP to 72% – way out of line with other EU comparators. In a situation of historically low housing output the price effect of this massive flow of credit is obvious. This is not just a housing issue. There are much more productive uses for this 'extra' £600bn of investment than stimulating house prices – building hospitals and schools, investing in R and D for UK industry and repairing Victorian water mains spring to mind. But of course we live in a market economy dominated by a powerful and international finance sector. Short term returns for shareholders rule.

And what are the social, economic and health costs of sharply declining

housing affordability? We are just beginning to make serious attempts to assess the costs to the NHS of poor and unaffordable housing. We can begin to see how high and rising housing costs have a range of adverse consequences because housing is a non-substitutable item of household expenditure. There are direct costs to health from damp, cold and overcrowded housing, indirect health costs because people cannot afford holidays and social life and rely more on junk processed food, costs to the economy because they do less voluntary activity and because they are working longer hours with more reliance on paid childcare which is entailing a reduction of parent/child contact, other costs to the economy in terms of reduced labour mobility and recruitment and retention problems for employers, reduction in capability to make personal pension provision – the list goes on. The housing problem is not primarily about a small number of ‘homeless’ people, in itself indefensible in a rich economy. It is deeply systemic in the range of ‘exported costs’ generated to non-housing budgets.

What must be done? The central terms of the debate, and the identification of the central issues, must be re-addressed. The lemming-like stampede for more owner-occupancy must be re-thought. There must be a re-examination of the simplistic belief that a massive increase in housing output, without regard to the flow of purchasing credit, will somehow stabilise prices. And of course we must rapidly increase the stock of decent rented housing at affordable rents.

In our particular housing history the most cost-effective way to do this has been with a sizeable stock of local authority rented housing using the pooled historic cost principle for rent-setting. This system, for many years a success story, became subverted by a combination of factors – commercial producers with an untested high-rise technology to sell, Treasury tight-fistedness on maintenance budgets, ideologically driven ‘right to buy’ campaigns, ham-fisted and paternalistic management practices and ghettoisation because the stock was built in large mono-tenure spreads. So the baby was thrown out with the bathwater.

The obvious step is to retrieve the baby. We need an end to transfers and ill-concealed privatisation, we need massively increased direct investment in local authority housing – the ‘fourth option’ – we need better maintenance and management regimes for this stock and better standards for its construction. Time is running out. The vast majority of us live in the 97% of towns where nurses cannot afford to house themselves. And when you need a nurse you need a nurse.

● Peter Ambrose is Visiting Professor in Housing Studies, Health and Social Policy Research Centre, University of Brighton

Housing Policy Failures and the Rise of Extremism

by Jon Cruddas MP

The local election results saw the British National Party make significant electoral gains in specific parts of the country. BNP candidates were elected or polled over 25% of the vote in over 100 council wards. In order to confront and deal with this emerging threat we need to identify the material conditions that produce this extremism. In our locality – the London Borough of Barking and Dagenham – 12 BNP councillors were elected in May. The fundamental policy failure that has underpinned this extremism lies in the lack of provision low cost social housing in a borough built on the principle of socialised council housing.

The key forces at work which account for this extremism relate to extraordinary demographic shifts that have occurred against a legacy of poverty and sustained underinvestment in public services and infrastructure.

In terms of the take home pay of residents, the Borough has the lowest wage economy in greater London – alongside the lowest cost housing. Because of the latter it has developed a magnetic pull for those in search of low cost private housing.

The state finances public services in the Borough on the basis of completely out of date census data – the population is expanding much faster than the state increases resources into the Borough. Many local residents perceive

demographic change as actually reducing their own social wage – be this in terms of increased health inequalities, growing allocations lists and reduced access to council housing or even declining hourly wage rates as migration has triggered a rush to the bottom in terms and conditions at work.

As such, every issue of resource allocation in our Borough is seen by many as an issue of race – which becomes the proxy by which, for example, health, housing and wage inequalities are viewed. Demographic change occurs within a zero sum policy framework which undermines social cohesion.

The most acute politicisation of resources concerns that of housing. Yet it is considered through the prism of race rather than the reality of the systematic failure to provide low-cost council housing so as to replenish that sold off.

Twenty five years ago we had 40,000 council houses and flats in the Borough. Half has been sold off – the vast majority being houses. Pressures grow every day – 7,000 are on the waiting lists. Last year we had a duty to provide temporary accommodation to almost 700 households. Moreover, as we seek to upgrade our stock we will be decanting over 2,000 households and they have to go somewhere.

The policy response should be self evident. We have the most brownfield land of any other London Borough. We have a working class community literally built on the principle of council housing; we have the fastest growing and fastest changing Borough in the Capital. Our historic role as a debt free authority means more rental income goes to the centre than returns to the Borough. We have an authority and a community desperate to build more council units for local people. We are the frontline in terms of the fight against fascism. All of these issues are inter-linked. All roads lead back to more council housing units. The present financial regime and strategy regarding nominations surrounding the Housing Corporation is actually making things worse by the day in our Borough.

It is 80 years since millions of working class people were given a lifeline by a Labour government when it passed the 1924 Housing Act setting up affordable council housing. A new lifeline is required so that our council can build new homes for rent without having to hand over their stock.

● **Jon Cruddas is MP for Dagenham**

Civil Servants want investment in council housing too

by Mark Serwotka, PCS

Members of the Public and Commercial Services union (PCS) share the concerns prevalent in the campaign for decent and affordable council housing. Many of our members benefit from better council housing provision and in their working lives they also face the plague of privatisation, the increasing involvement of the voluntary sector and the use of expensive consultants.

Privatisation is not working

On 27 June PCS members joined over 2,000 activists from trade unions and campaign groups (including Defend Council Housing) at a Westminster rally and mass lobby of parliament. Under the banner 'Public Services Not Private Profit' campaigners sent a clear message to the government that their privatisation agenda has gone too far.

Thousands of PCS members have already had their jobs transferred to the private sector. They have seen not only their own terms and conditions suffer but also the standard of the vital services they provide decline as private companies cut costs putting profit before quality of service.

Our members face many parallel issues that also affect council housing such as privatisation and the widespread use of expensive consultants.

As a consequence of the Chancellor's announcement in 2004 that over 100,000 civil service jobs would be cut more and more outsourcing is occurring

and expensive private consultants are being hired to plug the gaps in service left by the job reductions.

Increasingly we are seeing many of the same voluntary or 'third' sector companies that are involved in social housing funding initiatives such as Arms Length Management Organisations (ALMOs) providing welfare services.

ALMOs set up with the specific remit to meet the decent homes standard are discussing transferring into the private sector or entering into partnerships with private companies rather than reverting back to councils. A recent report commissioned by PCS shows that third sector companies set up to provide training for disabled people, the unemployed on New Deal programmes, and young offenders are now multimillion-pound enterprises.

The expansion of public service provision by the third sector has the potential to return significant sectors of the public service to a pre-war model when the "deserving poor" were expected to show gratitude to their charitable benefactors.

Our members who are low paid and cannot afford to get on the housing ladder have suffered because successive governments' policies to increase the involvement of the private and voluntary sectors in this area have meant that social housing has become a commodity.

We are supporting DCH in getting the message across to our members that the 'Fourth Option' would allow councils to reinvest the monies from rent to improve existing homes and build new ones.

PCS young members in the Northern region were recently sent a questionnaire on housing. We found that many young workers are put off applying for council tenancy by the lack of investment and waiting lists that are as long as 20 years or more.

One of the members questioned told us that she is currently on two council housing lists in the North East. One of them has 21,000 people on it and the other to get housed in a decent area she would be looking at a wait of 22 years. She told us that she saw council housing as her only option because she simply cannot afford to get on the property ladder.

By ploughing money from rents directly back into council housing rather than on private consultants and the expensive set up costs on privatisation and right to buy, PCS support the view that the 'Fourth Option' represents the best option for current and future tenants. Ultimately, it gives the government the best chance of realising their promise of decent homes for all social tenants by 2010.

● **Mark Serwotka is general secretary of the PCS**

Choice must be genuine

by Paul Holmes MP

Britain is facing a catastrophic shortage of affordable housing to let and to buy. The New Labour Government meanwhile is whistling in the wind in the vain hope that private sector house builders can sort the mess out.

Experience and reason tell us that the private sector alone cannot rectify the shortage of affordable housing to buy. The whole purpose and driving force of the free market is the profit motive and there is clearly more profit to be made from using scarce building land, in shortage areas, for higher value housing than for low cost homes.

Even in the first 8 years of Thatcher's government, 350,000 Council Houses were built, whilst in the first 8 years of Blair's reign only 3,000 were provided. In 2004 Right to Buy sales saw 59,154 units of affordable housing lost to the rental market and only 32,144 replacements built by Housing Associations and others. Council House waiting lists soared by 50% just in the 5 years from 2000 (1,038,720) to 2005 (1,543,509)

Blair's policy has effectively been to shut Councils out of house building all together and to rig the finances so that existing Council Tenants are forced into a Hobson's choice shot gun divorce. The choice is "transfer away from the Council or you will not get your existing houses adequately repaired and modernised."

Not content with denying Council's access to new money, Council tenants'

money from rents and right to buy receipts is also taken away. The workings of the Housing Revenue Account are complex, but my Constituency of Chesterfield provides some clear illustrations. In 2004 – 2005, 14% of Chesterfield Council Rents and 75% of right to buy receipts were taken by the Government to spend elsewhere in the country. A total of £9.2 Million some of which, just to add insult to injury, went to help fund the (then) ODPM contribution to building Olympic infrastructure in London! Just half of this money each year would allow Chesterfield not only to maintain its existing houses to a high standard but to build new ones too.

This is a system that has been condemned by the Public Accounts Committee, National Audit Office and ODPM Select Committee and labelled as “perverse” by the Audit Commission. Yet the Government continues to withhold funding and so punish all those Council tenants who have made their democratic choice – albeit not the one that they were told to make by New Labour.

The democratic choice of Council Tenants must be respected. Council housing finances should be ring fenced into the system. Council Housing Departments should have access to the housing investment money currently denied to them but made available on a completely discriminatory basis, to ALMOs and Housing Associations.

This is no nostalgic appeal to return to a ‘golden age’ of vast impersonal council estates where every front door was the same colour and tenants, metaphorically speaking, tugged their forelock, not to the squire but to their local Cllrs. I grew up in a council flat on such an estate in Sheffield. I have witnessed some appallingly managed Council Estates across the country where I can quite understand tenants might want to choose a different landlord. Such choice however should be a genuine one based on a level playing field especially as it is a one way street. Once in the hands of a Housing Association there is no way back, whereas at least unhappy Council Tenants can vote for a change of management at the Town Hall at regular intervals.

More ambition is needed too to tackle the rapidly growing crisis in affordable houses to buy. Right to Buy, Golden Shares, Rent to Mortgage -there are lots of different ways that people could be helped onto the property ladder. To have any real effect however, rather than being window dressing, Government investment has to be more substantial and receipts have to be ploughed back into housing and not siphoned off for other purposes.

● Paul Holmes MP is Vice Chair of the House of Commons Council Housing group and Chairman of the Liberal Democrat Parliamentary Party

There was a community!

by Dot Gibson, National Pensioners Convention

Bombed out several times during the war, evicted from rented rooms when the owner came back from evacuation and then housed in a privately-owned damp basement in Wimbledon, my Mum visited the London County Council housing office every week for 8 years.

Finally, in 1953 we were offered a flat in SW London. I can still remember the total and overwhelming relief, pleasure and excitement when the letter arrived offering that flat; we went to what was still a building site to peer through the windows of our new home.

When I moved out Mum and Dad considered that it was right for them to give up the two-bedroom flat to a family. They got a one-bedroom flat on the same estate and then when Mum died, Dad moved into sheltered housing up the road. There was a community. For 45 years his neighbours were his friends and he had seen their children grow up. There was a housing office and advice centre, a community hall and then Council employed wardens on hand in his old age. This is the kind of housing that is needed to cater for all generations and to ensure the development of communities where children and old people feel safe.

That's why the NPC Greater London Region supports the Defend Council Housing campaign. For today we see the erosion of planned publicly owned

housing. One of the results of this is of particular significance for older people. More and more 70 year olds, who would benefit from living in sheltered housing, cannot move because they are looking after a 90-year-old relative and there are not enough sheltered homes with two bedrooms.

Alongside housing goes social care. There is much talk of encouraging old people to keep their independence in their own homes. But privatisation of social services, cuts in staff and “outsourcing” to private agencies means more pressure on elderly people who find it increasingly difficult to cope.

It should be completely normal and not a huge trauma for old people to move from sheltered housing to live and be cared for in residential homes at the end of their days. In a planned and integrated system such homes with trained staff, employed by the Local Authority and Primary Care Trust, would be part of the local Council housing complex within easy reach of neighbours and friends. But today most councils have sold their residential homes and sacked the staff.

The biggest concern expressed by many old people in a recent survey carried out in connection with the London Mayor’s Older People’s Strategy was that their sons, daughters and grandchildren live so far away. Of course that is often unavoidable. However, housing problems are usually the reason why families are split up. The lack of affordable Council housing makes things worse.

Older people, who have traditionally seen the local town hall as the place to make inquiries, requests, complaints and demands concerning public services, now find that decision-making is not in the hands of their elected councillors. Council rents are paid direct to central government, as are business rates, and new Labour increasingly rules through unelected quangos (appointed bodies which perform public functions), reducing local government to a merely administrative role.

Defend Council Housing! Restore local democracy!

● Dot Gibson is Secretary of the National Pensioners Convention, Greater London Region

Securing a sustainable future for council housing

by Darren Johnson, London Assembly Member

“Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including... housing”. From Article 25 – United Nations Universal Declaration of Human Rights

Housing is a central part of our lives. Without affordable, secure, and suitable accommodation, people are vulnerable to illness, crime, and isolation. Publicly-owned and publicly-managed council housing provides an essential service to millions. When properly managed, council housing gives tenants security of tenure in homes that are decent, efficient and affordable, with clear lines of accountability over how their housing is run. These unique qualities mean that there’s a clear role for council housing to be part of the housing mix in a sustainable and socially just society.

I believe there is an urgent need for a renewed debate about why public housing should stay public, and about the role of council housing as part of a greener and more progressive future.

As a London Assembly member, I have witnessed real failings in the way housing in London is provided and managed. Between 2000 and 2004, the number of council homes in London fell by 70,000. Although there were 32,000 more housing association homes in the same period, this leaves a gap of 38,000 social homes.

The value of keeping council housing public, however, goes considerably beyond merely meeting housing need.

Publicly owned council housing provides a key opportunity to tackle fuel poverty and improve the energy efficiency of millions of homes. No one should have to suffer ill health and cold, damp living conditions because they can't afford to heat their homes, yet rising fuel prices means that fuel poverty is a reality for hundreds of thousands of Londoners. Affordable housing should mean homes that are affordable and efficient to heat as well as to rent.

Council housing should therefore be at the forefront of public investment in energy efficiency measures and improved technologies such as Combined Heating and Power. This has the dual benefit of reducing energy costs for tenants and reducing carbon dioxide emissions, which contribute to climate change. Currently, energy used in housing accounts for 44% of London's overall carbon dioxide emissions. Making improvements to energy use in public housing therefore has a major potential for reducing London's environmental impact.

Publicly-owned housing also offers unique opportunities for democratic participation and accountability, at a time when disengagement in the political process is reaching a new low. Decisions over housing provision should be taken at as local a level as possible, and by democratically accountable bodies. Campaigns against privatisation have mobilised thousands of tenants across the country. Participatory, democratic structures need to be put in place to capture some of this energy and empower residents to make decisions on the management of their own housing.

● Darren Johnson is a Green Party member of the London Assembly

Affordability and the Supply of Housing

...possession actions are now rising alarmingly. Nationally, between the third quarter of 2004 and the third quarter of 2005, there was a 55 per cent increase...If trends continue... it will mean that over 50,000 more households will be at risk of repossession and homelessness this year compared to last. (ODPM Select Committee)

“It is inappropriate to ‘promote’ greater ownership as the best option to people who will clearly not benefit from it, and it is important that renting is seen as a positive choice for some households either throughout or at some point in their life.”

(Chartered Institute of Housing)

“...Half of all the households living in poverty are home owners. 464,000 home owning households have a gross income under £100 per week, a figure only slightly less than the total number of social renting households with the same income level (504,000). These figures suggest that home ownership is not a panacea for dealing with poverty and inequality.

...Research carried out for Shelter’s recent report, *Home Truths: the realities behind our housing aspirations*...found that a majority of people placed having an affordable home and living in a safe neighbourhood ahead of ownership.

...The failure of successive governments to invest in social housing for rent lies at the root of Britain’s housing crisis and explains why a million children are growing up homeless or in damp, cold and overcrowded accommodation. All the evidence shows that bad housing can have a devastating impact on the health, education and life chances of children, leaving them at risk of permanent social exclusion in later life. A decent, affordable home has an essential part to play in improving their life chances”

(Shelter)

from ‘Affordability and the Supply of Housing’ (ODPM Select Committee, June 2006) <http://www.publications.parliament.uk/pa/cm200506/cmselect/cmmodpm/703/703-i.pdf>

Birmingham cries out for investment in council housing

Lynne Jones MP

“The Tories left us with a shocking legacy including a £19 billion repairs backlog in social homes, a huge rise in rough sleeping and run-down city centres” – so said the Housing Minister, Yvette Cooper, in a briefing to Labour MPs prior to the local elections setting out the Government’s achievements. No one could dispute that the Government has put in more money but this is woefully inadequate to deal with the scale of the inherited problems.

Sadly, the decline in the availability of social housing has continued, not only as a result of right to buy sales but also as a result of demolitions of homes that cannot be brought up to the decent homes standard without a greater commitment of resources than the Government has been prepared to give.

During most of this time, priority homeless acceptances were also rising until last year when, for no obvious reason in terms of the supply or affordability of housing, they dropped by 20%. The Government explains this as being achieved by the use of innovative ways of preventing homelessness. However, if the experience of constituents seeking my help with housing problems is anything to go by, a contributory factor is the increasingly hard line taken in refusing homeless applications or applying the intentionality rule (numbers of applicants considered as intentionally homeless have almost tre-

bled since 1997). The most likely explanation for this is, as Roof reported last year, that local authority staff are being pressurised to reduce the number of people they accept as homeless.

Increasingly I find myself in the position of having to explain to constituents, who approach me with their housing problems “because you are our last hope”, that I cannot help them. Nine years ago, I could blame the Tories.

These are households living in non-decent or overcrowded social housing, those sharing with friends and relatives and those living in unsatisfactory and insecure housing in the private sector. Ironically many of the latter have been placed there by the local authority. Between 1997 and 2005, the proportion of homeless households placed in private sector temporary housing has gone up from 17% to 60%. It is all the more poignant when such housing used to be owned by the council. A family sought my help because they are about to be booted out of temporary accommodation in an ex-council house, rented on their behalf by Birmingham City Council at £300 a week.

The continuing inequality between those who have adequate housing and those who do not is blighting Labour’s good record and is creating great resentment. At the local elections we saw how extremist political parties are tapping into the search for scapegoats. In response to Kate Barker’s 2004 recommendation that an additional 23,000 social homes a year should be built, the Government said that it will set out ambitious plans for increasing the social housing supply in the 2007 spending review. Voters at the next general election, less than four years away, will judge on the record, not on the plans.

As council housing is the most cost effective way of providing affordable homes, the discrimination against council housing must end.

● **Lynne Jones is Labour MP for Birmingham Selly Oak**

Housing Associations not the solution

by Gerald Kaufman MP

In 1974, I was the minister who put through the legislation that provided housing associations with their powers and their finance. Housing associations, then, were providers of ancillary public sector housing for the aged, the disabled, and other special groups. No one envisaged that the Tory government of 1979-97 would pretty well wipe out building of new council houses, and that housing associations would become almost the sole providers of new-build housing for the public rented sector. It was not their job, was not meant to be their job, and they are far from marvelous at carrying it out.

Some of their new housing is hideous to look at. Some of their relationships with tenants are poor. Their record in repairs is not necessarily one of the best and their responses to queries can be slapdash, when supplied at all. In being accountable for what they do, they have a poor record. Local authorities may not be the world's most wonderful landlords; they can be, simultaneously, dictatorial and slipshod. Yet they can be held to account both by active councillors and, ultimately, by voters.

Local authorities are democratically elected. Any councillor can walk into the director of housing's office and demand explanations. The only people with the right to do that with housing associations, at present, are Housing Corporation staff – but there's only 24 of them; not exactly a Sword of Damocles.

Before last year's general election I wrote that, compared with a generation ago, housing was no longer a prominent political issue. In Blackpool last September John Prescott told the Labour conference: 'Housing is at the top of my agenda.'

Excellent. Let's keep it there, Ruth Kelly. And let's fend off the stupid Tory efforts to deplete the local authority housing stock still further.

● **Gerald Kaufman is Labour MP for Manchester Gorton**



A tribute to Jean

One of the leaders of the campaign in my constituency, Jean Smith has died, and I want to pay tribute to Jean and to everybody who continues to raise the banner of council housing. A high proportion of my constituents live in council housing and they want to stay as council tenants.

There is no substitute for public sector housing accountable directly to the people who elect councils and governments and that's what council housing is all about. It is not simply an issue of opposing stock transfer, though I with my constituents and my Labour Party oppose stock transfer totally. It is trying to find new ways, putting pressure on our local authorities, to find ways of adding to the council housing stock.

Tell the government, we want more from you, so we start having more additions to the council housing so people don't have to put up with whatever the housing associations do to them, so they don't have to put up with appalling private landlords, so my constituents can go to the council and get a brand new, 21st century council house."

Extract from speech at DCH Lobby of Parliament, 8 February 2006

Gerald Kaufman MP

Our experience across the UK

Cambridge: a tale of two ballots

by John Marais, Cambridge Tenants Against Privatisation

There have been two ballot results in Cambridge in the last few years, which tell the story in themselves. The first was in 1999, when we voted to stay with the council by 60%. The second was in 2004, as part of the 'options' process, when we voted again to stay with the council, this time by 79%.

So why the huge increase in anti-privatisation feeling? When our (then) Labour council first tried to push transfer down our throats in 1998/9, their main argument was that the condition of our housing would become so dire in the near future, because of the Tory legacy of under-funding, that only a private social landlord could raise the cash to sort it out. They spent £500,000 on promoting this idea, including the use of a so-called 'Independent' Tenants' Advisor called 'Dome', who proved no more use than the building of the same name. By their lights, we made the 'wrong' decision, and 7 years later should have been screaming out for privatisation, not kicking it out again by nearly 80%!

The first transfer attempt could have been called the 'double-glazing campaign'. Most tenants were fed up with draughty, metal-frame windows, and the council's charming refrain was that without sell-off we "wouldn't get our windows done before we died". Now, nearly all 8,000 homes have been double-glazed. Cambridge council has had its own double-glazing factory

Government Office for East of England (GOEAST) tell elected tenants' representatives they're not welcome at 'Decent Homes' consultation event

"Dear John,

Many thanks for your interest in the above event.

For the above event we have, as you will appreciate, a limited number of places available. As the discussion document is targeted towards local authority (LA) and Registered Social Landlord (RSL) practitioners, we have taken the decision to limit attendance to LA and RSL officers and LA members. We anticipate that the audience will consist of a number of Tenant Participation Officers, who will be in a position to offer their expertise in developing and strengthening the role of tenants. We have included LA members as they also represent the interests of the tenants in their constituent wards.

The consultation period for the paper closes on 15 September 2006 and the document is freely available on the Department for Communities and Local Government (DCLG) website (<http://www.communities.gov.uk/index.asp?id=1500524>) and your comments on the points raised in the paper will, I am sure, be welcomed by DCLG.

My apologies to you if this causes any disappointment.

Kind regards,

Nik Capon

Housing Executive – Decent Homes"

since the 1980s, but we were told in 1999 it would probably close down for lack of cash to do the work. Now, ironically, we are being told it'll have to close down because they've done nearly all the work!

Cambridge's 'Tenants against Privatisation' had argued in meetings, leaflets and press letters that it would have been stupid to sell off a community asset and take the risk of privatisation, partly because our housing was not generally in bad condition anyway, and also because we believed that despite New Labour's apparent desire to flog off everything that can't be nailed down, they would be stuck with council tenants for the foreseeable future and could not afford to totally alienate 5 million potential Labour voters. While there is nowhere like enough investment allowed yet, especially for the most cash-strapped inner-city housing authorities, the government has grudgingly made a number of concessions. The Major Repairs Allowance, worth over £550 per home per year, has been particularly useful for Cambridge.

With things getting slightly better, there was never a chance of us voting for transfer in the second, 'decent homes' options ballot, and tenants resented



being forced by the government to go through the whole charade again, once more wasting money taken from our rent revenue to pay for the PR rubbish, plus yet another fake 'Independent' advisor.

It soon became obvious which way the vote would go, much to the annoyance of one or two highly placed officials. Correspondence between Government Office East and our Housing Officer revealed that they were considering the possibility of circumventing the result if it went 'the wrong way'. In the event, 79% seemed a bit much to argue with, though GO East did delay the official 'signing off' for retention for six months.

Though the dust on the options process may begin to settle, don't imagine the privateers will be going away any time soon. Cambridge council is now planning to sell off three sheltered schemes, which amounts to a betrayal of the ballot result for the scheme residents. Until we persuade the government to allow adequate investment for such a valuable community resource as council housing, piecemeal or large-scale privatisation will remain a threat for tenants everywhere.

● John Marais is chair of Cambridge Tenants Against Privatisation and a tenants representative on the Cambridge Housing Management Board

Stop the bullying in Tower Hamlets

by Cllr. Ahmed Hussain

My constituents come with a wide range of problems with one root cause – there is not enough genuinely affordable family housing.

There is an answer to this problem: direct investment in council housing, including an emergency programme of council house building. Sadly, this is not the direction that government policy is taking us. But people in Tower Hamlets are fighting hard to defend – and improve – council housing.

Our New Labour Council has presided over a shameful stock transfer policy with a disgraceful barrage of deception, half-truths and dirty tricks. The Council uses all the propaganda at its disposal to tell tenants there isn't enough money and that there is really no difference between RSL housing and council housing. They rip down posters, refuse tenants permission to hold meetings in public buildings, turn a blind eye to voting abuses, and smear anyone who argues against them. They can't accept that there is another side to the argument.

On the doorstep we tell tenants that, like the government, our Council is hiding money – at least £45 million that could be spent on their homes tomorrow. Another £100 million has been systematically siphoned out of Right to Buy receipts and used for non-housing projects including Town Hall computers. RSLs are not open, democratic or public organisations – councillors

have been warned we may not even be allowed to raise enquiries about them! We point out the differences in RSL tenancy agreements and rent levels. When tenants get the facts, they see through the vested interests and voted 'No' in six recent ballots.

Now, in desperation, our Council suddenly wants an ALMO as a two-stage way of off-loading remaining housing stock. Experience shows that as with stock transfer, the democratic link between tenants, the Council and their homes is broken, opening the way to full privatisation further down the road.

The Council is promoting a 'vision' for Tower Hamlets that would increasingly push council tenants to the margins – and possibly out of the borough. They have a ten year plan that is explicitly promoting more private housing, with a large proportion of 1 and 2 bedroom flats crammed onto existing council estates.

On the Ocean estate they want to demolish 15 blocks and build over 700 luxury private homes for sale at £300,000 each – we would end up with less housing for rent while our families suffer the worst overcrowding in Britain. On one estate transferred to Poplar HARCA in my ward families of two adults and two small children are in a bedsit. The children are not learning to walk because there is no space.

I sit on the Strategic Planning Committee and we constantly receive applications that bear no relation to the real housing need in the borough. The Council's objective is to dilute the amount of affordable rented housing and if possible, eliminate council housing all together.

The effect would be to drive out working people – black, white and Bangladeshi – to make way for the rich and privileged.

Council housing is based on providing housing for all with no first or second class, no ghettos, or benefactors. We can all live side by side as equals. Rents can be afforded by those on low or medium income who can't or don't want to buy.

New Labour is besotted with home ownership, just like Margaret Thatcher was. It's fine for people to buy their own homes but in Tower Hamlets 43% of households live on less than £10,000 a year. There is no ownership 'ladder' for the majority.

We have reached a crisis-point and we cannot allow the government's privatisation policies to destroy council housing. It was pioneered and fought for over generations, to provide housing that meets the real needs of the people. That's what I was elected to defend, for the people of Tower Hamlets.

● Cllr. Ahmed Hussain is Respect Councillor for Mile End East

Mid Devon: “affront to democracy” if fourth option denied

by Cllr. David Nation, Mid-Devon DC

Mid Devon is a small, very rural and extremely sparsely populated, District Council. It is a low wage area with some of the highest house prices in the country. Consequently, there is a real and growing need for low cost, secure rented but decent housing. We have as big a housing crisis now as we did in the 1920s when municipal housing nationally mushroomed because it was accepted that the private sector could not meet the need.

When the Council decided to apply to the ODPM for possible inclusion in the Transfer programme, some of us naively thought that minds had not yet been made up. However, it soon became clear that we were being put under great pressure to back transfer – and, despite initial assurances that tenants must be left to decide for themselves, tenants were being bullied into voting for it.

My experience of negotiating with Housing Associations on behalf of tenants was not very positive but it was the evidence to the House of Commons Council Housing Group and their Report that finally convinced me that we were all being conned! Accounts from all over the country showed that the same ‘spin’ was being used everywhere to trick tenants to transfer. At a crunch Council meeting in June 2005 my Lib Dem colleagues and several other councillors withdrew support for the process and began to publicise our concerns.

Tenants then flocked to the anti-transfer campaign, saying that they had suspected they were being conned and now that some councillors were publicly opposing transfer, they felt justified in campaigning against transfer.

Over the next eight months the tenants, severely disadvantaged in terms of resources, put up a great fight and eventually, the ballot result in February 2006 exceeded our wildest dreams. In a 76% turnout, 78% voted against! Whilst the Council spent £750,000 on the process, the tenants' group spent less than £300, mostly funded by Unison, whose support was crucial.

The Council has formally accepted the result but the challenge now is to achieve cultural change based on continued retention of the housing. They accepted my proposal to join ARCH (Authorities Retaining Council Housing) but we await evidence that tenants will be given a greater say in managing their homes.

It will be an affront to democracy if the Government does not accept that the growing number of 'No' votes is a clear indication that tenants want to stay with their councils!

The Government must adopt the Fourth Option, or at least relax the present financial disadvantages with which many Housing Authorities struggle. Anything less is unacceptable to tenants who should not be made to suffer because they have had the guts and the insight to choose the local authority as their landlord.

● Cllr David Nation is Leader of the Liberal Democrat Opposition Group, Mid Devon District Council

Resistance to transfer in Wales

by Paul Lynch, Swansea Defend Council Housing

THE BLAIR GOVERNMENT wants councils in Wales to privatise their housing stock. Up to now the Welsh Assembly has been unenthusiastic – the No Vote in Wrexham and clear indications from other areas show that tenants are overwhelmingly opposed. But the Welsh government has now bowed to pressure. However, housing stock transfer is so discredited that the Welsh Assembly has attempted to disguise the policy by introducing a new fancy wrapper for it, calling it a ‘Community Housing Mutual’.

Regardless of what promoters may claim, the transfer of council housing to a Community Housing Mutual is still privatisation. Housing associations in Wales have traditionally been small and local. The indications are that the culture of mergers and takeovers, already rife in the sector in England, are starting to appear in Wales. Newtown Housing Association became the first RSL in Wales to be put under statutory investigation in autumn 2002 and was then taken over by Newydd Housing Association. (*Inside Housing*, 14 November 2005)

The Chief Executives of the biggest Welsh RSLs earn in the £90K range despite the small size of the companies. On average they earn over twice as much per home than their English counterparts. (£23.11 per home per year compared to £10.49, see *Social Housing*, January 2005)



“Councils must be given the same opportunity as presently exists for Housing Associations, to obtain improvement grants to bring housing stock up to standard.

There must be a system in place that ensures that those responsible for providing community housing are accountable to the general public and the only way this can be achieved is by keeping community housing in the control of Local Authorities.”

**Dai Davies, MP for Blaenau Gwent and Trish Law,
Welsh Assembly Member for Blaenau Gwent**

They claim the difference with the ‘Community Housing Mutual Model’ is that it’s like a co-op and all tenants will automatically become shareholders. Wild claims are made that this will empower tenants. But giving tenants ‘shares’ won’t make a blind bit of difference to the outcome. Tenants in a Community Mutual will only have the right to elect the tenant board members; won’t be able to amend the constitution; and no resolution can be passed by a majority of tenant board members. (CHMM rule set, Cobbetts Solicitors 2002).

A report into Community Mutual for the Welsh Assembly Government found that CHM organisations differed from genuine housing co-operatives in three key ways:

1. Community Mutuals will be much larger.
 2. Most decisions in the CHM will be made by senior managers, so “the CHM may not offer significantly greater participation for tenants”.
 3. real co-operatives emerge from the ‘bottom up’ not the ‘top down’. The CHM, on the other hand, is imposed by national policy.
- (Housing, Mutuality and Community Renewal: a review of the evidence and its relevance to stock transfer in Wales, September 2004)

A secret report by the Audit Office found that the new landlord in Bridgend, the one Welsh authority to privatise its homes, was “unimpressive” in six out of eight areas investigated:

“Stock condition is poor; Performance for the completion of repairs is weak and deteriorating;... The association is not answerable to residents for the quality of services provided;... It does not ensure those housed are fairly selected;... The partnership between the association and council is ineffective” (*Glamorgan Gazette*, 25 May 2006)

Tenants know that council housing has not been perfect but they also realise that for decades it has been essential in providing secure affordable

homes. Only six (out of 21) Welsh councils have so far chosen to pursue transfer and most of these face considerable opposition. A survey of 1,000 Wrexham tenants found that they are now more fervently anti-transfer than at the time of the council's no vote. (*Inside Housing*, 5 October 2005)

In areas which have chosen to pursue stock transfer, local tenants, unions and councillors are coming together to fight the plans. Despite the one sided propaganda put out by the local council, the campaign in Swansea is growing fast amongst tenants with broad cross party support. The tactics used to transfer homes are shocking. Local councillor Ray Welsby was dismissed from his position as chair of the Cabinet Advisory Committee for Housing for not supporting stock transfer – even though he was elected by his constituents for his manifesto pledge to retain and improve existing housing stock.

Tenants in Wales pay £450 million a year in rent. We expect that that money will be spent on our homes, but in fact only £250 million is allowed for management and maintenance and £100 million for major repairs. This means that nearly £100 million pounds is robbed by the government every year.

The UK treasury is prepared to spend millions of pounds to write off housing debt if we agree to transfer, and on top of this the Welsh Assembly Government is prepared to make 'dowry' payments to the new landlords as well. This is outrageous.

Tenants, the Welsh TUC and most major unions have recently produced a Wales DCH newspaper to put the case against privatisation. 100,000 copies are being distributed on estates and we plan a series of public meetings in all areas.

We demand that the government listen to what tenants, unions and elected politicians are all saying: give councils a level playing field and funding to provide decent, affordable, secure and accountable council housing in Wales.

● **Paul Lynch is chair of Swansea Defend Council Housing**

New research on RSLs: rents, supervision, mergers and takeovers

by Vic Warren

The ‘live tables on rents, lettings and tenancies’ pages of the DCLG website may not sound like a promising start of a treasure hunt for housing activists, but buried amongst interminable lists of fair rent rulings and housing benefit are hidden gems of information which make these tables required reading for anyone engaged in the housing transfer debate.

Take tables 702 ‘local authority rents by district’ and 704 ‘RSL rents by district’ on the DCLG’s live tables (see below for web address).

Firstly there is rent ‘convergence’. Back in 2002, the idea was that as council and housing association rent ‘converged’, rent would become a ‘non-issue’ in the transfer debate because housing association rent post transfer would not be significantly different to the pre-transfer rent charged by the council.

But several years into the 10-year ‘convergence’ policy, something is going awry. A comparison of tables 702 and 704 suggests that average English housing association rent is not only still higher than the average council rent – but that it’s a greater difference than in any year since 2000 and up 10% on the 2004 figure, which itself was marginally up on 2003.

The most spectacular ‘disconvergence’ between council and RSL rent is Adur council between Worthing and Brighton in Sussex. Council residents

RSL Surpluses

“The non-profit housing association sector makes a surplus, even after tax, of just under half a billion pounds a year, and has non-earmarked surpluses of over £4 billion. That’s one heck of a non-profit.” Jeff Zitron, Tribal Consulting
(*Inside Housing*, 11 August 2006)

“The 2004 published financial statements of the 553 largest housing associations, responsible for 95 per cent of the sector’s activity, reveal that they collectively received £29.2 billion in capital grant and £24.6 billion in private finance. They also show total reserves of £10.8 billion, of which £5.1 billion are revenue reserves, and a pre-tax surplus of £276 million.”
(*Inside Housing*, 4 February 2006)

there, who recently voted against transfer, have seen minimal rent increases in recent years – for instance their rent rose by 30p a week to £58.64 between 2004 and 2005. But their RSL neighbours in the same council area have endured a 14% rise between 2003 and 2005. Indeed, following a drop in rent in 2003/04 they have been forced to accept a whopping 21% increase from £65.18 to £78.99 in 2004/05 – the steepest RSL rise in England that year.

In fact, between 2004 and 2005, when inflation was around two per cent, RSL rents in no less than 25 local authority districts saw rises of more than 10 per cent. In Amber Vale district in Cheshire, scene of a 6,500-unit LSVT in 2002, RSL rents rose by over 13% and in Burnley, which transferred in 1999, the average RSL rent rise was no less than 17%.

Long-term the picture is clearer still. The table below shows that 16 of the fastest-rising 20 RSL rents between 1997 and 2005 have taken place in areas following large scale voluntary transfer. This figure, up from 15 last year, is topped by Wyre council area in Lancashire which has seen a huge 68 per cent increase in RSL rents since transfer in 1996.

Now this information comes with a government health warning. According to the DCLG it is ‘statistically difficult’ to use it to make comparisons between Tables 702 and 704 even though the department also says the figures are the best information available, cover the same time period, the same geographical areas in the same format and sit there on the same web page saying ‘please compare us’.

But it is not just rent where housing associations are suffering dents to their public image.

Take local accountability. During the transfer ballot, tenants are usually

“The proposed merger between the Ridgell Housing Association and William Sutton is being pushed through undemocratically and without the proper consent of tenants...[Ridgell tenant Arthur Whitby] said: ‘I think if tenants were given the opportunity of a ballot to leave Hertsmere Council, they should be given the same opportunity to go to William Sutton.’ “
Borehamwood Times, 9 March 2006

told their homes would be transferred to a locally-based, locally responsive landlord often with a name reassuringly similar to the council they are transferring from.

However, a few years down the line this can all change. Like much of the private sector, housing associations have undergone a major period of consolidation in recent years with large numbers of associations merging across ever-wider geographical boundaries. Indeed, the more forward-sounding and progressive the group name – be it People For Places, Genesis, Progress, Flagship or Signpost – the less any kind of ‘local’ identity features.

Hart housing association is just one example. Following a large scale transfer in the town of Fleet, Hampshire, Hart was soon subsumed into Sentinel housing group alongside Oakfern, a 4,000-strong LSVT based in Basingstoke.

And with around 70 mergers of various kinds between April 2005 and April 2006 the process looks set to accelerate.

Calls for rationalisation of the housing association sector by deputy prime minister John Prescott and a sharp cut back by government funder and regulator the Housing Corporation have fuelled fears that ‘merger mania’ could

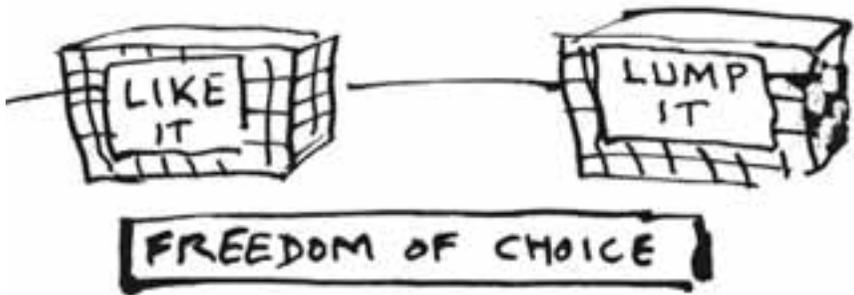
Intervention by the Housing Corporation in an RSL after transfer

“1066 Housing Association was vulnerable to financial difficulties from the time of transfer in February 1996...

The RSL tried to refinance its debts and extend the term of the original loan it took out upon transfer. However, the lenders would not agree the new business plan. At around the same time, the Housing Corporation intervened and made two statutory appointments to the RSL’s board. The RSL’s board then removed its Chief Executive and appointed a temporary special manager. And the RSL decided to seek a merger with another RSL...

In 2002, the RSL merged with Amicus Group, another RSL that had been set up to receive transferred stock.”

(from National Audit Office Report “Improving Social Housing After Transfer”)



halve the number of housing associations over the next few years. Malcolm Levi, chief executive of Home Group, said: 'I think that within five years there will be a handful [of associations] that are between 65,000 and 100,000' (Inside Housing 25 Aug 2006).

One of the most controversial mergers – between financially-troubled English Churches and Riverside – would create England's joint largest association with 52,000 properties, operating in no less than 200 council areas. It now emerges that this transaction includes selling off 1,800 of ECHG's homes in a bid to put the association on a firmer financial footing, with a total of 550 being sold on the open market.

ECHG is not the only association selling off its homes to make ends meet. A total of 6,000 housing association homes were sold off in 2004-05 on the open market (Inside Housing 6 Jan 2006)

And the Riverside/ECHG takeover is just one aspect of the growing fear over the financial viability of associations as they take on an ever-larger debt burden which is set to soar to £45bn over the next four years – up from £22bn in 2003.

Three Valleys, an LSVT set up in 2002 following a stock transfer from Erewash council in Derbyshire was placed under Housing Corporation supervision earlier this year following 'serious concerns' over its financial viability, prompting a rescue package involving the sell-off of dozens of homes. (Inside Housing 16 June 2006)

It is understood there are three other LSVTs currently under supervision by the Corporation – Severnside Housing, Teign Housing and Charter Community Housing where 'weaknesses' have been identified in the business plan.

And in March, Shoreline, an 8,500-strong LSVT was forced to shed jobs just a year after taking the transfer from North East Lincolnshire council.

“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. 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”

Improving Services Through Resident Involvement (Audit Commission, June 2004)

“While tenant board members may perceive themselves and be perceived as representatives, formally their accountability is to shareholders, funders and the regulator as individual and corporate members of the board.”

Changing Boards, Emerging Tensions (Liz Cairncross, Oxford Brookes University, Spring 2004)

“housing associations said they were unhappy about the edict to put a tenant on every board. David Orr, chief executive of the National Housing Federation, said the demand was ‘heavy handed’. ‘I think requiring it as a kind of regulatory requirement is a bit over the top,’ he said” (*Inside Housing*, 16 June 2006)

Nor do the pro-transfer lobby have it all their own way when it comes to efficiency or accountability, with government watchdog Audit Scotland reporting in March that stock transfer north of the border was failing to demonstrate value for money.

As for tenant involvement, even the Housing Corporation chief executive John Rouse admitted in June that he was ‘shocked’ about how little say tenants have in running housing associations after it emerged that a fifth of them had no formalized resident involvement.

All in all it looks like the National Housing Federation’s Chloe Hardy has her work cut out as the organisation’s new head of ‘brand management’, a position created earlier this year to tackle growing disillusion with the housing association sector.

Maybe the first thing she will do is get DCLG to sort out all that annoyingly inconvenient information on tables 702 and 704.

In the meantime why not find out what is happening to rents in your area? Visit <http://www.communities.gov.uk/index.asp?id=1156260>

● **Vic Warren is a journalist specialising in housing issues**

Top 20 fastest rising RSL rents by district, from 1997

as at 31st March	1997	2005	% rise 97-05
Wyre	35.82	60.29	68.31
Uttlesford	46.77	76.06	62.63
Hart	47.62	77.34	62.41
Sefton	33.91	53.99	59.22
Vale of White Horse	41.61	65.67	57.82
Stratford-on-Avon	38.40	60.31	57.06
East Cambridgeshire	40.39	62.99	55.95
South Ribble	38.50	59.98	55.79
Hambleton	35.17	54.10	53.82
South Cambridgeshire	44.37	68.06	53.39
Hertsmere	46.93	71.88	53.16
Stevenage	45.56	69.64	52.85
Allerdale	34.80	53.16	52.76
Rushmoor	47.04	71.66	52.34
Epsom and Ewell	49.32	74.64	51.34
Surrey Heath	47.11	71.28	51.31
Chiltern	48.84	73.82	51.15
South Bucks	49.80	75.21	51.02
East Hampshire	50.53	75.81	50.03
Wirral	36.10	54.10	49.86

From: Table 704 Rents: RSL rents, by district, from 1997 (DCLG)

“Government has a policy, called the Housing Market Renewal Initiative, to demolish up to 168,000 houses over 15 years... Registered Social Landlords and local authorities who dominate these areas have run them down and blighted them on purpose, to create nice slices of land ideal for a commercial developer to take on. Private companies such as Bellway and Gleeson Homes stand to benefit enormously at the cost of homes and community – they are being handed on a plate prime development sites that belong to the people”

Adam Wilkinson, sec Save Britain's Heritage.

Extract from speech at DCH Lobby of Parliament, 8 February 2006

Sunderland: Transfer is a one-way ticket

by Cllr. Mike Tansey, Sunderland City Council

Since the 36,000 Council homes in the city were transferred to Sunderland Housing Group (SHG) in 2001 we have experienced a complete lack of accountability, a total dismantling of meaningful tenant involvement, an alarming increase in salaries for directors and little to show in the development of new affordable housing.

None of the Council board members ever answer questions claiming they are bound by customer and commercial confidentiality.

There are no longer elections for tenant board members. SHG now choose who they want for the Board citing the need for 'the right people'

In 2001 the salary of the Director of Housing was around £60,000 pa. The same person is now Chief Executive of SHG and his salary is £155,000.

In the first four years SHG demolished nearly 1,000 homes building only 93 for rent in a city with a 19,000 waiting list. Housing allocations are down from 5,277 (2000-01) to 1,308 (2004-05).

If it were possible to vote out the people responsible for this performance the people of Sunderland would do so, alas, as we have found out, if you vote for Stock Transfer you go down a one way street. There is no return.

● **Mike Tansey is a Councillor on Sunderland City council**

West Lancs Vote No and demand robbery stop

by Cllr. Jane Roberts, West
Lancashire DCH

At a time of increased demand for social housing it is important that tenants both current and in the future have choice but it must be a real choice not one bound by the belief that you must vote a certain way in order to get some short term benefit. I say short term as no one really knows the effect of taking on a huge mortgage to buy and invest in stock, do we really know what would happen if the mortgage interest rate goes up, or perhaps we do but those in favour of stock transfer choose to ignore it.

West Lancashire tenants back in December 2004 following a long fought campaign voted to remain council tenants. Tenants, Councillors and Trade unions successfully argued that it would be in tenants' long term interests to remain council tenants. Their local elected representatives would following the "No Vote" continue the campaign to stop the Tory controlled council from using tenants money to subsidise the Council Tax. Members of the No campaign continue to argue that West Lancashire tenants should only pay for tenant services and oppose the farcical annual drain of £3million of West Lancashire tenants' money back to central government. Agreeing to these proposals would enable West Lancashire Council to invest annually an extra £3million in tenants' properties, services and perhaps new stock to replace that being lost through age and the Right to Buy.



Councils who retain their stock may find it easier to re-house the homeless and other vulnerable groups and provide appropriate services to ensure sustainable tenancies. Where councils rely on Housing Associations or other housing providers and seek to obtain nomination rights in order to fulfil their duty Associations (despite Housing Corporation guidance) may be reluctant to re-house the more challenging of applicants.

Council housing that is strong, that meets the needs and requirements of local residents are important. After all not every one can buy a home.

● Cllr. Jane Roberts is Co-ordinator of the West Lancashire Defend Council Housing Campaign

Glasgow failure fuels tenants opposition

by Jenni Marrow, Scottish Tenants Organisation

The single biggest transfer in Britain was the transfer of over 90,000 council homes to the Glasgow Housing Association (GHA). This transfer has repeatedly failed to deliver in its pre-transfer promises.

When Glasgow tenants voted for transfer in 2003 they were told that they could look forward to the end of the city's slums and a new era of modern, aspirational homes. Yet that dream will not be realised. Two years after transfer it was revealed that a woefully-inadequate budgetary allowance left the GHA short of the £1.5 billion required to bring the city's former council homes up to the same standard as those of other social landlords.

Another key promise to tenants was that their homes would transfer to 63 local and accountable Housing Associations in a second stage transfer. It took almost 3 years but eventually the truth came out that this was not going to happen.

In late 2005 when Edinburgh tenants voted against stock transfer the shockwaves were felt across the entire political establishment of Scotland.

Another key issue in the tenants' poll was privatisation. The council had denied that stock transfer was privatisation of public assets, yet the cat was out of the bag when guidance from the Scottish Executive was found which stated "The transfer of housing stock represents a major disposal of public assets"¹.

From the point of view of councils across Scotland high debts and the promise of debt write off is undoubtedly the key motivation to transfer. In Edinburgh the council is locked into spending 41p of each £1 of rent on debt relief. Although Housing is supposed to be a devolved matter to the Scottish Executive, it is the treasury in London pulling the strings as they would be the ones who take over the debt of Local Authorities after transfer.

The Scottish Executive are then attaching a number of other carrots to the stock transfer package. In Edinburgh this was regeneration funding for five deprived areas, environmental improvements, and 10,000 new homes. Edinburgh needs these improvements and the new homes; it is dishonest to link much genuinely needed funding to a change of landlord.

Many groups including EAST (Edinburgh Against Stock Transfer) have pointed out that the financial carrot (debt write off and other funding) linked to transfer is nothing short of blackmail of tenants. It certainly is not a planned or structured way of providing for the future housing needs of this country.

After the stock transfer of the Scottish Borders Council's housing to the Scottish Borders Housing Association the new landlord has been pursuing a legal claim against the Scottish Borders Council. They allege that the houses were undervalued by £6 million and are seeking compensation and indemnity in respect of further legal costs which the association alleges were inadequately disclosed.

The Scottish Executive say that they support transfer as it results in efficiency gains. Yet in March 2006 an Audit Scotland report into Council Housing Transfers concluded that there is no ready assurance that transfer provides value for money.

Another illuminating statement in the Audit Scotland report concerns the current practice of paying off the councils existing overhanging debt after the sale of the council homes to the new landlord. It notes that this debt repayment is not in itself a cost to government in cash terms. The original borrowing was a cost to the government. But subsequent debt interest and repayments are transactions entirely within the public sector, so there is no net effect (cost or benefit) for the exchequer or the taxpayer when the treasury provides grant aid to allow repayment of the councils PWLB loan debt.

The tenants of Scotland demand that if the money is there, and it costs nothing, then the debt should be written off and tenants should not be blackmailed into selling off our homes and our futures.

● Jenni Marrow is Secretary of the Scottish Tenants Organisation

‘Affordable’ home ownership scams

by Frank Ward, Highlands Against Stock Transfer

The Government, the Council and the various Housing Associations frequently refer to the numbers of ‘affordable homes’ being built and sold. And of course all these homes are used as statistical evidence that the Highland Region is being provided with ‘affordable’ homes. These claims are frequently bogus, and investment in homes for rent is a far more productive and appropriate use of taxpayers money.

Pound for pound, stock transfer and current government strategy will mean fewer homes for rent, not more. Only 60% of all Highland Housing Association new-build homes will be for rent, the other 40% will be for sale. New build by HHA will barely replace the homes being lost under the ‘Right To Buy’ scheme. This is to force people on the Council waiting list into buying property.

Homestake

The Government is seeking to force young couples into buying rather than renting. This is done by restricting homes available for rent while building houses for subsidised sale. Through a scheme called ‘Homestake’, the Scottish Executive is promoting the sale of houses through Housing Associations whereby they claim the low-paid buyer can purchase a part of the property while the HA owns the rest.

But of the 120 houses offered in August 2006, due for completion during the next year, mortgages for only 4 of them (Inchvannie Court flats, Dingwall) could be afforded by a person earning the average Highland wage (£296.36 per week). And even this would only get you a 60% share of the flat, though you are liable for 100% of council tax, water charges, repairs, maintenance, improvements, insurance and life cover!!

An 80% share of a three bedroom 'Homestake' house in Inverness would cost £720 monthly (£166 per week) for a repayment mortgage! A three-bedroom Inverness house rented from the council is about £ 63.93 per week.

And when these 'affordable' homes are re-sold, they are sold not to other people on the waiting list but on the open market. Our rent money and taxes should be helping to provide affordable rental homes for our children, not subsidising property owners, greasing planning applications that promise bogus subsidised 'affordable' properties, and fuelling the mad property market.

● Frank Ward is secretary of Highlands Against Stock Transfer

Look how much money the government is prepared to pour into subsidising transfer in Scotland.....

	Debt Write-Off	Gap Funding & Setup Costs	Other Inducements	Total
Edinburgh	£320m	£0m	£200m	£520m
Highland	£166m	£0m	£50m	£216m
Inverclyde	£??m	£41m	£59m	£100m
Renfrewshire	£172m	£76m	£21m	£269m
Stirling	£25m	£19m	£32m	£76m
TOTAL	£683m	£136m	£362m	£1,181m

(figures from HA business plans and reports to local authorities)

Losing Direct Labour's contribution

by Davy Brockett, Glasgow Amicus

Glasgow councils tenants decision to end municipal control of their 80,000 homes in April 2002 by voting by a three to two margin to transfer to a new privately financed landlord was and still is the largest transfer of municipal housing in Europe to date, with something in the region of £1.6bn of public money being used to subsidise the actual transfer.

The guarantee by the executive of some three thousand new jobs due to the construction boom kept a few trade union leaders content with the process.

One of the key players in the regeneration of the city's housing stock was the council's very own Direct Labour Organisation (Building Services). For many years Building Services had contributed to employment and training of hundreds of young people from the city, with a social inclusion programme that actively employs young, disabled, female and black and minority workers, and employing at any one time over 334 apprentices. But would the department and all it delivers be able to survive if the council were no longer responsible for the housing stock?

In 2003 the department tendered for and duly won in competition the contract with the newly formed Glasgow Housing Association for its current maintenance for the next five years. It also tendered and was successful with

four other major constructors to deliver the main upgrading/investment programme for GHA stock.

With a yearly trading income of £153 million, returning just under £4 million at the end of the financial period to the council, this was and is an example of efficient and viable public service.

In late 2004 problems began with the announcement that due to a change in European procurement legislation the possibility of an extension of the current GHA contract would be illegal. By early 2006 the council proposed the establishment of a wholly owned arms length company.

A valuable public asset providing a vital service for the benefit of the city is being outsourced. To alter its status from a council department to a publicly owned company will alter this dynamic. More importantly the formation of this separate legal entity also paves the way for whole scale privatisation to the loss of Glasgow's wider community.

Secondly, the transfer of Glasgow's housing stock was made on the original agreement that there would be a process of secondary transfers to local housing organisations [LHO]. Sixty areas were identified for these proposals.

This could potentially have had a major impact on Building Services faced with the difficulty of tendering for sixty different contracts, and losing their important economies of scale advantage. But the very same EC legislation which threatened the DLO would now endanger the second stage transfer process. The thought that any company in Europe could tender for the housing stock caused outrage with the local communities.

And finally what happened to the thousands of promised jobs? While statistics still say that one in five Glaswegians are socially inactive, most of the constructors are employing foreign East European labour due to the skills shortage which was predicted. The creation of new apprenticeships has also not quite achieved the hopes or predictions of some, with Building Services, of the five main constructors in the GHA investment programme, being the only employer delivering in this field.

● Davy Brockett is Amicus senior convenor, Glasgow Building Services department

Our united
campaign can win

Our Labour government should implement the party's policy

by Derek Simpson, Amicus

Council housing, a public service that has served several generations well, is facing a new ideological attack.

The Smith Institute recently published a pamphlet 'Rethinking Social Housing' which argued that 'social housing' just increases dependency and says that social housing should just be a temporary or fallback measure.

Is it coincidental that Ruth Kelly, head of the new Department of Communities and Local Government, has also instigated an 'independent review' on what role social housing can play in 21st Century housing policy and who social housing should be for?

As well as bullying both local authorities and tenants into accepting privatisation through stock transfer, ALMOs and PFI Ministers are now encouraging council housing to be viewed as 'housing of last resort' and actively promoting home ownership as the alternative to aspire to.

But why are any of these things considered an improvement and whose interests are being served by constantly promoting private as good and public as bad?

Council housing has served generations well, providing decent, low cost housing with a high level of security and a landlord accountable through the ballot box.

The problems faced by council housing today are overwhelmingly driven by the underinvestment by which successive governments have deprived local authorities of the ability to improve and build homes to provide people in need with secure tenancies and lower rents.

Despite the problems there is still a real demand and a clear need. Nearly three million council tenants and the 1.5 million households on council waiting lists want additional investment to improve council homes and estates. It also makes economic sense as council housing is cheaper to build, manage and maintain than the alternatives.

If Ministers genuinely want mixed communities we need to get away from the idea that council housing is only there for the most desperate. Council homes have provided homes fit for heroes that skilled workers on good wages have been proud to live and raise their families in.

Having a strong public housing sector is essential. Market madness in housing is not only causing real financial hardship but also distorting the economy. Personal debt is at its highest ever level and housing is taking a greater share of household income than ever before.

More and more people with a mortgage on average and middle incomes wake up each morning worrying whether a rise in interest rates or announcement of redundancies will bring their dream of owning a home to an end. The threat is real enough: 115,352 mortgage repossession proceedings were issued in 2005, a jump of 48% on 2004. (*The Guardian*, 17 July 2006)

Desperate to achieve new targets in home ownership Ministers have enthusiastically promoted a series of high profile shared equity schemes, but even subsidies for 'key workers' aren't enough to bridge the 'affordability' gap.

In fact, some London Housing Associations have recently had to sell key worker homes on the open market because their intended audience couldn't afford to buy them.

Research published by the Council of Mortgage Lenders found that people believe the "top rewards of home ownership are in its investment value and its security". (*Understanding demand for home ownership; aspirations, risks and rewards*, Jackie Smith, CML Summer 2004). Government help for people to find investment opportunities does nothing to address housing need (in fact it is argued subsidies just increase house price inflation) and investment to provide more 'secure tenancies' in first class council housing would offer greater security than the precarious position currently being faced by a growing number of mortgage payers.

Furthermore, those that struggle to get onto the housing ladder will face repossession if interest rates rise or unemployment grows.

Home ownership is not an option for those people in greatest housing need.

Our priority should be to make available high standard, quality homes at reasonable rents, not create investment and profit opportunities for business and drive up the over-inflated property market.

Despite successive governments attempts to end it, there is a reason why council housing still exists – it fulfils a vital need in society and has served generations well.

We have to invest in decent, affordable, secure and accountable council housing – not continue diverting public subsidies to sell privatisation and home ownership.

Amicus supports a Fourth Option for council house funding – for councils to be allowed to raise money in the same way as private companies and housing associations.

This funding option was voted on and won overwhelming support at last year's Labour Conference and we expect our Labour government to implement the party's policy.

● Derek Simpson is general secretary of the trade union Amicus

Labour Party supports 'Fourth Option'

by Jim Kennedy, UCATT and a
member of the Labour Party NEC

The scale and breadth of support for the 'Fourth Option' today demonstrates strong opposition to the government's current policy on funding council housing.

Few campaigns have so successfully brought together users of public services (council tenants), trade unions and elected councillors and MPs across all parties.

The limitation of 'Choice' for tenants has caused disquiet amongst core Labour voters. Opposition to the Tories privatisation dogma was one of the major reasons Labour was elected back in 1997 and there was a strong expectation that addressing years of under investment in council housing would be reversed.

Many Labour councillors have either been unprepared to follow the three current options that drive government policy, whereas others have done so very reluctantly.

Conversations with Labour councillors in areas that followed LSVT show that many now deeply regret their decision as they struggle to try and make the new private companies accountable. MPs have supported Early Day Motions and debates in Parliament in large numbers reflecting the importance of this issue in their constituencies. And now most major trade unions and the TUC are backing the campaign too.

For two years running, the Labour Party conference, the sovereign body of our party, has overwhelmingly passed motions supporting direct investment. The composite last year was declared 'almost unanimous' by the party chairman indicating that it had almost unprecedented support from Constituency Labour Parties, trade unions and affiliated organisations.

These votes raised an expectation amongst party members and affiliates.

The National Executive Committee of the Labour Party recognised that to retain confidence in the Partnership in Power process conference motions couldn't be ignored and that this issue must be addressed. The National Policy Forum set up a working group in February to address the terms of the 2005 conference motion and promised to report back to the next conference to feed proposals into the 2007 Comprehensive Spending Review.

It is a step forward but if the party wants it's 'listening' and 'talking' initiatives to be considered legitimate then the working group must be allowed to address the detail of the two resolutions.

Many Labour councillors who lost their seats, believe that investment in council housing played a significant role in last May's local elections.

A number of organisations have addressed the concrete measures needed to provide a 'level playing field' and pay for the 'choice' tenants want, which is for their council to carry out improvement direct.

These are largely based on providing an 'investment allowance' first floated in the ODPM's own blue skies review in 2002.

An 'investment allowance' to provide additional finance would be funded by ring fencing all the income from tenants rents and capital receipts.

The Audit Commission in their report 'Financing Council Housing', July 2005 suggested stopping the siphoning off mechanisms preventing many authorities carrying out improvements by allowing them to withdraw from the national Housing Revenue Account.

This option is now being addressed by the DCLG pilot scheme involving six 'excellent' authorities.

The Audit Commission also proposed "giving a specific focus on solutions for those authorities that currently rely heavily on the system" and called on government to "review the housing subsidy system".

The Labour Housing Group, a Labour Party affiliate, has produced a discussion paper proposing a new 'Retained Management Option' funded by the ring fencing principle and made available to 'good' performing authorities who satisfy a number of specific criteria to make the funding effective and accountable.

There is strong support for government to treat councils and RSLs equally by writing off debt and providing gap funding in both cases – not just as an incentive to make privatisation viable. The issue of debt is a major driver for privatisation in many authorities in England and particularly in Scotland and Wales.

The case for investing in council housing has been well made: it is cheaper to build, manage and maintain than the alternatives. It makes no sense to divert public subsidy from the public to private sector as is currently happening.

It's time the Labour government listened to the party and acted on the motions overwhelmingly passed at Labour's conferences.

● Jim Kennedy is Political Officer of the trade union UCATT and a member of the Labour Party NEC



Tenants from all over Britain demonstrate in London against the Housing Finance Act, 1972

Independent tenants movement

by John Grayson, Northern College

Tenants in Britain and throughout Europe and in many other countries have organised groups, federations, and movements for over a hundred years. The International League of Tenants was founded in 1926, revived in 1955, and is still in existence. For much of that time tenants organisations have been seen as allies and reflections of the trade union movement in working class neighbourhoods.

In Britain over the past few years we have seen not only the abandonment by the Labour Party of 'Council housing' as a political programme, but the 'deregulation of the housing market', management speak for privatisation. Along with this has gone a process of weakening or destroying tenants' organisations. Many of the powerful 'feds' have been forced to disband. Last summer in 2005 the Liverpool Federation decided, after years of political attacks, funding cuts, and judicial reviews to wind up the organisation, rather than collaborate in the destruction of tenant rights through the city council's transfer and regeneration policies. Others have abandoned the idea of mobilising tenants to defend their rights. The chair of one of the largest remaining Federations in Yorkshire was quoted recently as claiming that ALMOs were the greatest example of the expansion of tenant rights in recent years. Even the government and local councils are not claiming this.

To a large extent, Defend Council Housing has struggled to defend the tradition and history of the tenants' movement in recent years. It has successfully mobilised support amongst the unions and Labour politicians, and most important of all, with hardly any resources at all, has helped successful mobilisations of tenants against transfer, or ALMOs, the tenants did not want.

This is the continuation of a long tradition which tenants and their organisations should take heart from. This is their 'roots' history, their 'family history'.

George Lansbury, one of the Poplar councillors and an early leader of the Labour Party, said in 1912: 'We are of the opinion that the formation of Tenant Societies to resist the exactions of landlords by all possible means might wring great benefits from that selfish class, even as Trade Unions have extorted concessions from grasping employers.... Such an organisation, powerfully directed, might make history.'

Since the first council housing in 1919, council tenants have been 'unique citizens'. Their landlord is also their political representative – all tenants' collective activity is political. Council housing has never been more than a third of all housing, but in many urban neighbourhoods the tenants' movement has shaped housing and politics, and has been the scene of community struggles over many years.

The Glasgow Rent Strike by private tenants in 1915 against increases in rents and evictions in the First World War was successful and rents and mortgages were frozen by law until the early 1920s. This was part of a European working class revolt against the landlords. In Vienna in 1911 the Austrian Tenants Union mobilised 77,000 members. In 1923 Goteborg the Swedish National Federation of Tenants Associations was formed. Similar federations often based on mass rent strikes emerged in Norway, Germany, Hungary and Spain.

The threat of tenants' organisation and the impact of the 1917 Russian Revolution in Britain made wartime Prime Minister Lloyd George deliver 'homes fit for heroes' in the 1919 Addison Act. One civil servant put it bluntly: 'The money we are going to spend on housing is an insurance against Bolshevism and Revolution.'

All councils had to build housing for rent, and the government gave them central subsidies.

Tenants organisations developed on the council estates expanded under the two Minority Labour government's council housing Acts of 1924 and 1929/30 – the Wheatley and Greenwood Acts. In 1939 a nationwide tenants federation was launched – when war came the government immediately froze all rents – just in case!

After the War direct action pushed the already sympathetic Labour government into massive council house building. By 1946 there were over 40,000 working class families occupying army camps, prisoner of war camps etc demanding adequate housing for rent. As a result even the Conservatives under Macmillan as housing minister managed to build over 300,000 council houses in 1952/3.

By the 1970s good quality council housing had been submerged by the high-rise mania. Corrupt architects like Poulson and builders like Bryants profited. Tenants faced huge heating bills, black mould, asbestos, crumbling panels. They also faced the Tory Housing Finance Act of 1971 increasing all council rents (see page 65).

Up and down the country powerful federations of tenants were built and councils conceded power to them. Tenants Charters emerged, and a Housing Bill in 1978 gave tenants security of tenure for the very first time.

The incoming Conservatives were elected on their famous Right to Buy slogan in 1979, and a pledge to abolish council housing and recognise only a 'property owning democracy'. Discounts reached three quarters of market value and half of all council housing was sold. The rest were starved of investment. The present spending on the 'decency standard' in social housing is an attempt to deal with this criminal neglect. The neglect was part of the campaign to discredit the idea of council housing, and turn working class families against the idea of renting and living on estates.

Tenant organisations were not entirely subdued. In 1988 the Conservatives tried to transfer whole estates to private companies through Housing Action Trusts (HATs), and to encourage private landlords to take over individual estates. Tenants mobilised and ensured the defeat of this Tenant Choice law by demanding the right to ballot – not one council house was transferred to a HAT, not one private landlord was voted into a council estate.

Defend Council Housing and thousands of council tenants have been able to mobilise around ballots on transfer, or ALMOs, because tenant organisation won that right in 1988.

This period also produced the National Tenants and Residents Federation (NTRF) in 1989, and a rash of Labour councils setting up more 'tenant participation' in response. Hundreds of 'sponsored tenant organisations' developed, organised and funded by council landlords. Many independent tenants' organisations were active in the anti-Poll Tax movement which arguably brought down Margaret Thatcher.

These histories suggest that tenants in movement are a powerful force.

It is not surprising that in campaigns against privatisation both unions and the tenants' movement have been targeted. The tenants' organisations, still in 2006, mobilised around Defend Council Housing, suggest that there is still a tenants' movement.

At the European Social Forum in London in October 2004 there were tenant movements from Italy, Central Europe and Russia all describing the struggle against privatisation of housing and the 'neo-Liberal' Europe championed by Tony Blair.

Tenant organisations and Defend Council Housing have managed to frustrate the transfer and privatisation policy of Labour, and to offer real alternatives. This is already a major achievement. It indicates that tenants and their organisations are still a force in shaping the future of housing in Britain and in Europe.

● John Grayson works with tenant groups and teaches Social History at the Northern College, Barnsley

Ideology subverts social housing

by Dexter Whitfield, European Services Strategy Unit

All public housing, not just council housing, is now being condemned as 'unfit'. Having rebranded council and housing association housing as a single tenure 'social housing', the next move is to claim that the system 'isn't working' because it has a stigma with negative impact and breeds welfare dependency. The recent Smith Institute report on 'rethinking social housing' claims it must be terminated as part of the 'proactive de-concentration of deprivation' to revitalise neighbourhoods.

Apparently renting from a public body of whatever kind, in contrast to private renting, is bad for both you and the economy. And as one academic recently claimed, it threatens national security because "local housing systems that are sorted by ethnicity as well as income can prove fertile ground for recruiting the disaffected to insecure causes" (Maclennan, Smith Institute, 2006).

New Labour has created the political space in which so-called 'think tanks' and consultants can develop and promote neoliberal ideas more freely. It is not only public ownership and provision which is trashed but the concept of social justice is being transformed into a narrow personalised asset-owning model. Accordingly, they believe that home ownership must be widened with more rungs in the ladder. Right to buy should be converted into a 'route to

buy' to accumulate value in the property to use as a deposit or buy elsewhere. Security of tenure should be abolished because it is 'outdated' and breeds dependency. A statutory obligation and national strategy would dismantle 'social' estates by 'strategic open market sales' with mixed 'tenure fluid' neighbourhoods. 'Buy to let' and the creation of a new small landlord culture is considered perfectly acceptable. Indeed, home ownership would be a key part of an asset-based welfare state with reliance on markets and market forces to determine the location, level and quality of services. Inheriting assets, not deprivation is their motto.

The economic rationale underpinning these New Labour ideas is highly dubious:

- soaring private indebtedness is preferable to national public debt?
- individuals can manage recession and economic crises better than collective action?
- it is prudent, in a period of relative stability, to be oblivious to the economic cycle and to believe that high interest rates and hyperinflation can never return?
- we have to move, Blair has insisted, "from a welfare state that relieves poverty and provides basic services to one which offers high quality services and the opportunity for all" (my emphasis).

Of course these ideas are not confined to the housing sector. The government's modernisation policies seek to transfer public assets and the running of schools, hospitals, council housing and leisure centres to arms length companies and trusts. Regeneration and economic development activities are following suit. The fact that the transfer of core services and functions would erode democratic accountability, transparency and the public interest is ignored.

Lack of an evidence base

Few if any of these policies are supported by tenants views or factual evidence. The modernisation agenda has paid scant regard to evidence with policies being mainstreamed before pilots and pathfinders have been evaluated. Instead, ideology and values dominate their policy making process.

New Labour's plans are rooted in their belief that:

- Competition drives down costs.
- The private sector is more efficient than the public sector.
- Competition helps to limit producer power (by which they mean trade union power).

- Individual choice in public services will improve the quality of services.
- It is essential to provide choice for the middle class who will otherwise opt out of public services, which will be reduced to residualised services.
- Choice will reduce inequality because market forces are a more equalising mechanism than political voice, which the middle classes have traditionally used to benefit most from public services.
- Local authorities and public bodies should be restricted to commissioning in order to create the space for the private sector to develop more innovative ways of delivering services.

This is despite mounting evidence that policies based on these beliefs will fundamentally damage public services and the welfare state.

A whole new body of words and phrases have been developed to mask and conceal the real impact of modernisation policies and to impose new business values. Commissioning, contestability, competition, choice, care brokers, personalisation and ‘offers’ litter the modernisation agenda language.

The so-called ‘independent’ sector is dominated by private companies yet it is used as a means of trying to politically neutralise the impact of the transfer of services to the private sector. Similarly, the encouragement of social enterprises and ‘community providers’ in criminal justice, education, and other services serves the same function. Those promoting the marketisation of public service and privatisation resort to denials and half-truths that they are neither creating markets nor privatising services.

Neoliberalism

These ideas are not new, nor do they describe a new type of modernisation. They are rooted in neoliberalism, a conservative economic philosophy. Neoliberalism assumes globalisation as a positive force which facilitates the free flow of money, goods, services and labour. Markets are believed to be the best way of allocating resources and organising the economy. It also requires the state to regulate and procure from other providers using market mechanisms in education, health, housing and social care.

Reconfiguring the role of the state requires withdrawal from public provision, hence the importance of privatisation. Consumerism, individualism and self-interest are prioritised leading to the erosion of public and collective interest.

Remember why council housing is important

Council housing is a tenure which provides affordable housing to meet social

needs. It meets people's need and desire to rent rather than own a home. The vast majority of existing tenants want to remain council tenants. Like everyone else, they want better living conditions and more social facilities. In the past council housing provided for general housing needs of the population and could have a wider role again if revitalised with local authorities given the freedom and resources to invest.

The cost of council housing is collectivised, shared between all tenants in the same way as the NHS and education. This is a basic economic and political principle which makes economic sense and is a foundation of the modern welfare state. Direct democratic accountability to local government is far superior in the long term to management controlled arms length companies and quangos.

● **Dexter Whitfield is from the European Services Strategy Unit**

“ The Adam Smith Institute expressing concern about social housing and the people who live in it, is like foxes expressing concern for the welfare of chickens! It is precisely their brand of so-called free market economics that has led to the disastrous housing policy that New Labour has shamelessly – and shamefully – inherited wholesale from Margaret Thatcher.

Their year zero historical analysis fails to mention that, far from being the housing of last resort, council housing was, within living memory, the housing of one third of the British people. If council housing has been stigmatised, it is precisely because of the misguided ambition of successive governments to destroy it through under-investment, accompanied by a blatant policy of demonising the people who live in it.

They also forget that it was not that long ago that 200,000 families a year were having their homes repossessed by the banks in the 'property owning democracy'. With people now borrowing up to seven times their income to buy a house, when the property market crashes (as it surely will) we will have another reminder of the need to have a form of decent, affordable and democratic housing that is not at the mercy of the market – council housing!

George Galloway MP

Moonlight robbery must end now

by Brian Pordage, TAROE Vice Chair

It is hard to believe that council tenants are still feeding the Treasury's coffers.

When the Moonlight Robbery Campaign began we highlighted how much of tenants' rents was not coming back to Management and Maintenance budgets and although the government was increasing M&M allowances by 6% it's own research by the Building Research Council required a real increase of 8% year on year.

Council tenants are paying over £25 per week more in rents than we get back for M&M Allowances. Allowing for MRA this still only reduces to a staggering £15 per week household excess nationally.

Tenants are subsidising the Treasury by many millions of pounds – in 2003-2004 £1.5 billions was withheld from our rents.

These figures used do not include profits from Right to Buy.

This inequity towards council tenants has the potential to worsen under Rent Convergence.

When many councils are unable to reach the Decent Homes Standard and the government are moving their position it is definitely time for tenants to urge our councillors and MPs to work towards a level playing field for tenants and put our rents back into councils' homes.

**● Brian Pordage, Moonlight Robbery Campaign and Vice Chair
Tenants & Residents Organisation of England (TAROE)**

Funding the ‘Fourth Option’

by Lesley Carty, Camden DCH

The government’s arguments have been reduced down to just one. They say we can’t afford the same level of investment in publicly-owned housing that private finance brings in.

There are three problems with this argument. Firstly it suggests that there is no public expenditure cost involved with their three privatisation options – there is. Secondly it suggests the ‘fourth option’ – direct investment in council housing – relies on massive increases in public expenditure – it doesn’t. And thirdly they are prepared to offer additional public borrowing – but only if councils set up arms length private companies.

We demand a level playing field – all income from tenants’ rents and council housing capital receipts to be re-invested in council housing, and the same level of public funds spent subsidising transfer, PFI and ALMOs, to be available for retained council housing.

This article makes the case for keeping a national, pooled, housing revenue account; and details several alternative mechanisms which would secure the future of council housing.

A Level Playing Field

Government siphons off £1.5 billion a year from our rents in England, another £100 million a year in Wales and £200 million a year in Scotland. It isn’t right.

When housing is transferred to a private company that company is allowed to keep all the rents to spend on the homes, and is no longer required to support the historic debt of building them in the first place.

Government tell us there's no money for council housing, and at the same time pour billions into subsidising its privatisation programme. By 2005-06 government had already spent £1.8 billion¹ on debt write-off in England; and has allocated another £616 million for 2006-07². In addition £67m has already been spent on 'gap funding'³ and councils currently pushing transfer will need more than £380m (see table). In Scotland alone £1.7 billion⁴ of public money has already been spent subsidising transfer and the government is prepared to spend another £1.2 billion (see table on page 56). (Figures for Wales are not yet available.)

The government is willing to wipe out debt to facilitate transfer, so why not for retention where tenants choose to remain as council tenants? There is no cost involved:

"This form of debt repayment is not in itself a cost to government in cash terms. The original borrowing – and the investment it funded – was a cost to government. But subsequent debt interest and repayments are transactions entirely within the public sector, so there is no net effect (cost or benefit) for the Exchequer or the taxpayer when the Treasury provides grant aid to allow repayment of a council's PWLB loan debt. These are transfers within government." (*Council housing transfers*, Auditor General for Scotland, March 2006)

The HRA Pooling System – Faults and Advantages

In England and Wales tenants' rent money is pooled in a national system. In principle the idea that council housing should be a national pooled resource, where areas with more resources help those in most need, makes sense. It's one of the core principles of the welfare state that there is a universal provision of service across the country. It also gives councils and council tenants greater lobbying power by acting in concert; and it provides a safety net against financial risk.

The present subsidy system however has many faults. It takes away local accountability because rent levels are controlled by the government; it

1. Parliamentary answer, 30th March 2006.

2. Parliamentary answer, 24th April 2006.

3. Parliamentary answer, 24th April 2006.

4. *Council Housing transfers*, Auditor General for Scotland, March 2006.

Some of the authorities applying for gap funding to subsidise transfer

Berwick-on-Tweed	£6 million
Braintree	£4 million
Brighton & Hove	£120 million
Castle Morpeth	£14 million
Havering	£12.9 million
Liverpool	£135 million
Manchester	£43.7 million
Sefton	£35 million
Torridge	£12 million
TOTAL	£382.6 million

(From: *Inside Housing* 11 August 2006)

makes it impossible to make long-term investment decisions because the parameters keep changing; and it is used as the mechanism by which the Treasury siphons off money from council housing. Tenants and councils across the country are pitted against one another (the old ‘divide and rule’ tactic) by being told that some of them are being starved of investment to help others elsewhere, when in reality £1.5 billion a year is going into the government’s coffers. *None of these are faults inherent to a pooled system itself and they could all be changed without dismantling the whole system.*

Costs of Opting Out

In *Decent Homes and Sustainable Communities* (June 2006) the government proposes to allow some councils to come out of the housing subsidy system; three retention authorities are involved in a pilot study. This amounts to a tacit recognition that the current system is unsustainable and needs to change.

To allow opt-out would still involve a cost. For each authority which opted out the government would have to take over enough of the old debt so that the rest could be financed from rents. In some cases this would also mean providing gap funding. Secondly, removing net contributors to the system would reduce the amount available to help those in need. In 2004-05 the total subsidy paid out amounted to £689m, with only £100m of it being met by government and the rest coming from tenants’ rents elsewhere⁵ – a considerable cost which would fall on the Treasury after opt-out.

5. Parliamentary answer, 4th April 2006.

The Money's There...

There are plenty of places the government could find money to improve council housing and meet its manifesto commitment:

- Income received from stock transfers, though scandalously undervaluing council housing and land to give it away for next to nothing, has nonetheless produced £5.86 billion 'Total Transfer Price' which should be reinvested (*UK Housing Review 2005/2006*).
- “: the abolition of mortgage interest tax relief (MITR)... has boosted tax receipts by £30 billion, plus a further £3 billion each year; receipts from the Right-to-Buy sales of council housing that have yielded around £45 billion – only a quarter has been recycled into improving public housing; ... Stamp Duty on property sales... last year brought in £6.5 billion” (Joseph Rowntree Foundation 1 December 2005).
- £13 billion was taken out of council housing between 1990 and 2003 through the 'Daylight Robbery Tax'. That's almost 2/3rds of what was then needed to bring all council homes up to the Decent Homes standard.
- Council rents are set to rise via 'rent convergence' but Ministers say “There are no plans to ring-fence rental income within the national housing revenue account”(Housing Minister, Yvette Cooper, PQ answer 25 January 2006)
- Government is offering subsidies to private developers to build so-called 'affordable housing'. The Mayor of London suggests mortgages based on an income of £47,000 per annum meets the criteria!
- The housing benefit bill is unnecessarily driven up by transferring homes into the RSL sector and by needlessly raising council rents to the same level to make transfer more attractive: “public spending on bricks and mortar subsidy for council housing [fell] from £5.6 billion in 1980/81 to just £0.2 billion in 2002/03... Over the same period of time total expenditure on housing benefit rose from £2.7 billion in 1980/81 to £8.6 billion in 2002/03” (*UK Review 2005/2006*).
- £3.6 billion is on offer to pay for housing PFI schemes.

There is no reason why the same increased resources should not be made available through the current system without fragmenting the national public service which is council housing.

Mechanisms for Investment

“The government could:

- introduce an 'investment allowance' to provide a revenue stream to finance borrowing. Part of the surpluses in council rent accounts could be ringfenced for investment. A modest allowance of around £100m annually (assuming interest rates of about 5%) could finance £1.5bn of investment annually. Councils have been barred doing this since 1990.

- redistribute to councils some of the huge sums presently earmarked to meet the various high set-up bills; debt write offs; borrowing; and other costs of Almos, PFI, and stock transfer.
 - ensure that right to buy receipts are fully used for housing investment.”
- (Janet Sillett, ‘A Level Paying Field’, *The Guardian*, 28 September 2004).

Investment allowance

The ODPM proposed “The ‘investment allowance’ would be an amount calculated on the basis of some assessment of need, which would provide ‘head-room’ within the HRA which an authority could use to take advantage of the new prudential borrowing regime.” (The Way Forward For Housing Capital Finance, August 2002).

This is how traditional council borrowing has been supported by government (the Housing Investment Programme credit approvals). It would work in the same way as ALMO funding – the government would provide an annual allowance, to cover the interest and capital repayments on Council borrowing to meet the Decent Homes Standard. The investment would be paid back over a 30-year period and would, like an ALMO, be public sector borrowing. Councils would retain ownership and management, and would not need to set up a separate private company to manage their homes. UNISON has shown that the cost of using an investment allowance to clear the backlog of work needed to bring homes up to the Decent Homes Standard is easily affordable from the £2 billion surplus generated annually by council housing.

Debt write off

Removing debt from local authorities’ current housing revenue accounts (HRA) would allow many to invest extensively in existing and new council housing.

When the Deputy Prime Minister promised to review housing finance, in debates before the Labour conference vote in September 2004, debt write-off formed the first part of that review:

“Housing Minister Keith Hill told *Inside Housing* this was one of the choices to be looked at in the review which Deputy Prime Minister John Prescott agreed to in talks on the eve of the Labour conference. Mr Hill said: ‘One of the arguments is that, since when you have a stock transfer the debt is written off, that the same could apply to local authorities.’” (*Inside Housing*, 8 October 2004)

The principle of a 'level playing field' for council housing demands that debt write-off be available in all cases (not just to subsidise privatisation) or none.

Ring fencing national HRA and capital receipts

In 2005/06 council tenants paid on average £2,646 each in rent but only received £2,077 of services. The government takes all of the rent income from local authorities and decides how much to give back to cover management and maintenance (Management and Maintenance Allowance, or M&M) and major repairs (the Major Repairs Allowance, or MRA). The average figures for England and Wales in 2005/06 show that councils were only allowed £1,460 for management and maintenance, and £617 for major repairs. That leaves £569 per tenant not spent on current or future council housing.

The proceeds from 'Right to Buy' receipts in 2003-4 were £2.0 billion, of which councils were allowed to keep only £0.7 billion, known as "usable" receipts. The government's £1.3 billion take funded the housing capital investment programme (Supported Capital Expenditure, previously Basic Credit Approvals) of only £0.75 billion. So another £0.55 billion a year was taken out of council housing nationally.

● **Lesley Carty is secretary of Camden Defend Council Housing**

Why we're fighting

by Eileen Short, Tower Hamlets
Against Transfer

What is it about council housing that the government don't get?

When my gran first got a council house, they kept turning the tap on in wonder – it was the first time they'd had running water indoors. When I got my council flat I was over the moon – it meant I could feel secure, work part time and bring up kids without being trapped on benefits or working off the cards.

You know why we need council housing if you've ever worried about a roof over your head or your children's, and think housing is a right not a privilege. It is key to solving our housing problems – the quickest, cheapest and most efficient way to build and manage the homes we need, where and when we need them.

Some people don't need council housing: the privileged buy and sell houses like others buy their kids shoes. They don't believe in it. And some – or their business advisers – don't like things they can't make much money out of.

Ministers talk about 'building communities', about 'consultation' and 'choice' but they are actively trying to break up and destroy council housing. They want to roll back the public sector in housing, as in healthcare and transport.

As Peter Malpass, Professor of Housing Policy at the University of the West of England puts it, "the problem about choice as a basis for social policy

is that the predominant means of providing choice is the market mechanism, and the market is about promoting inequality, rather than ameliorating it.... Britain is now a much more unequal society than it was in the thirty years after 1945 and the modernised, choice based, welfare state is much less effective in challenging and redressing the market's tendency towards inequality."

"Broadly, their argument is that as large scale industrialised societies get richer the vast majority of their populations will have incomes and assets large enough to satisfy their own social welfare needs in the private market without help from the state. They should have the right and freedom to decide their own individual resource preferences and priorities and to buy from the private market their own preferred quantities of medical care, education, social security, housing and other services."

Titmuss, R (1968) Commitment to Welfare

Malpass points out that "the people he [Titmuss – see quote above] was referring to were not, of course, the Blairites and their fellow travellers in what remains of the Labour Party but Milton Friedman and other apologists for the market in welfare." ('Choice – Who needs it?' presented at the HSA conference, Building on the Past, University of York, 6-8 April 2005)

The Smith Institute's contribution to the government's review of 'social housing' is the rallying cry of these people. They present all council (and housing association) estates as ghettos of crime-ridden welfare dependency. Security of tenure has made us lazy and hopeless – what we need is to go out and earn enough to make a mortgage company happy.

Despite all the evidence of the Barker report and others, they present homelessness as a temporary problem – and argue that the last thing we should give those in housing need is a secure home for life! In the same way that taking away benefits cures welfare dependency, taking away security of tenure would stop dependency on rented housing and force people to buy their own home.

Private companies could take over council estates (and all our public land and assets) if it wasn't for the inconvenience of secure tenants already living there. Their answer: end our 'security of tenure'.

This is the ultimate agenda behind stock transfer, PFI and ALMOs – opening the door to private companies to exploit the accumulated land and assets paid for by tenants over 100 years.

This is why venture capitalists, property companies and RSLs are rushing to experiment with the REITS (Real Estate Investment Trust) model already ex-

panding across North America and much of Europe. Using public subsidies offered by Gordon Brown, they hope to fund new partnerships and exploit this lucrative private housing model.

The massive risks for the tenants affected are of little concern to them – this is a gold rush! But what goes up, comes down. So what happens if there is another crash in the housing market? The courts are already preparing:

“the government has launched a recruitment drive for deputy district judges ahead of an expected rise in mortgage repossession cases...between April 2004 and March 2005 more than 335 judges were appointed. A CAB spokeswoman said: 'We are aware of there being an upward trend [in repossessions] and that is a concern for us.' (*Roof*, September/October 2006)

At every turn developers, bankers and builders demand public handouts to finance their housing ventures. This is the real hypocrisy behind their talk of a ‘free market’. Housing charity Shelter points out

“Mortgage Interest Relief...effectively used a public subsidy to skew the market in the direction of home ownership. However, the Government's policy of using public money to subsidise methods of helping people into home ownership effectively amounts to the restoration of home ownership tax relief, but only for those lucky enough to secure a place on one of the schemes.”

The private housing market has never met the housing needs of the majority. That's why council housing was created – to protect working people against the rent privateers, the slum landlords and Rackman bullies. If we didn't have council housing we'd have to invent it all over again.

Instead of diverting public funds to subsidise the private sector and home ownership government should give democratically elected councils the powers to use available land to build first class public housing. As with empty homes, it would stop lenders, property companies and RSLs building up massive land banks.

Planning (section 106) agreements should ensure at least 50% council housing as part of any new housing development – 100% on any site using publicly-owned land. Why not put a ‘windfall’ tax on super profits from land speculation and luxury house sales, and use taxation to discourage speculative land and housing hoarding.

Housing Corporation chief executive Jon Rouse says ‘It is a provoking thought that the conversion of just £1.5 billion of the £13 billion housing benefit bill into capital subsidy would enable us to meet Kate Barker's estimates of annual social housing requirements.’ (*Rethinking Social Housing*, Smith Institute, July 2006).

But housing associations are sitting on accumulated 'non-earmarked surpluses' worth more than the entire £3.9 billion national affordable housing programme for 2006/08 (*Inside Housing*, 11 August 2006). Much of this was paid for through public subsidy. It should be reinvested through interest free bonds or loans. Democratically elected councils with a strong local mandate can then get on with improving existing and building new council homes their constituents are demanding.

Putting public money into 'bricks and mortar' rather than subsidising a growing army of private landlords makes total economic sense.

Joseph Rowntree Foundation has identified many other significant sources of funding available to the Treasury (press statement "Treasury's housing windfalls should be used to tackle growing homes crisis", 1 December 2005).

All these alternative sources of funding public housing would provide the homes and communities we need. The neo liberals don't like it because they can't find a profit in it and they wouldn't be able to meddle/play with socially engineering our lives.

The ODPM Select Committee report on 'Affordability' makes two other important observations:

"The Chartered Institute of Housing argued that an excessive emphasis on promoting homeownership could create perceptions of exclusion amongst those who could not afford it. It said that

"... The emphasis on developing schemes to help more people into ownership, and references to a 'home owning democracy', run the risk of creating a perception of exclusion of those who chose not to or are unable to become owners".[45]

"The London Borough of Barking said that, as a result, it was concerned that "much of this housing will be occupied for relatively short terms by childless couples who are then more likely to purchase family housing elsewhere at a later date. The social impact of this is that communities are very transient and people are not encouraged to establish long term roots in an area."

(ODPM Select Committee, Affordability and the Supply of Housing, June 2006)

Just in case they haven't noticed, many council estates are already 'mixed communities' as ex council homes sold under 'Right to Buy' are purchased on the open market by new home owners.

No thanks. Stop telling us there's no money. We want direct investment in council housing – with no strings attached.

● **Eileen Short is from Tower Hamlets Against Transfer**

Time for ‘honest debate’

by Jack Dromey, T&G

T&G members have supported affordable social housing over many years. There can be no greater priority than having a decent secure home. This was shown recently by the Shelter research which identified as the first priority that people wanted a safe, decent home that they can afford. It was interestingly security and affordability that was the top priority, not necessarily home ownership.

Housing is becoming an increasing political priority for all of the political parties. The lack of affordable housing in the UK is a major social issue and we have seen the disgraceful rise of the BNP who have used it to encourage racism and division.

The Government recognises the political importance of housing but unfortunately has not implemented the decision taken at two Labour Conferences in support of the 4th Option. Adopting the 4th Option would allow Councils to be able to make decisions about their own housing, on a level playing field alongside the options being pushed by the Government.

The T&G believes that democracy is a serious issue, not only when Labour Conferences take a decision but crucially when tenants vote. In both cases, there is a political imperative to follow through the decisions taken, listening to the constituencies that brought a Labour Government to power.

Time and time again we hear about the disenfranchisement of sections of our society. However, when council tenants turn out in record numbers to participate in a democratic process, if the results are not conducive with government policy they are told to think again, or in some cases just ignored.

In June 2005, the House of Commons Council Housing Group produced a report supporting the 4th Option. They stated that the case for direct investment in council housing, providing a level playing field and giving tenants real choice, was now overwhelming. They were also critical that government takes all of the rent income from Local Councils and then decides how much to give back to them.

We have been amazed about the money wasted on campaigns seeking to persuade tenants to vote yes. In North East Lincs, they spent over £300,000 to promote transfer. It cannot be acceptable that funds that should be spent on meeting housing need are being diverted into the pockets of PR firms.

There is an important dimension to the debate on housing in the UK that is rarely mentioned but in our view key, the availability of land. The area taken up by homes occupies less than 10 percent of the land (*Who Owns Britain* by Ken Cahill). This means that at least 40 million acres of land, owned by just 189,000 families, covers the rest. But this land is not taxed. In addition, the owners receive massive subsidies. Yet the Council Tax, covering properties on 10 percent of the land, is the subject of fierce political debate. This in our view is a major issue impacting on the availability of land for house building and the cost of that land.

House building in the UK is at historically low levels. Young people up and down the country in urban and rural areas cannot afford to leave their parents and create their own home because of both lack of availability and high costs. This is creating social divisions that fuels racism. Funding for the provision of mixed communities with affordable housing must, therefore, be a top priority in the next Comprehensive Spending Review. Councils in particular should be able once again to engage in new build.

The T&G wants to see an honest debate about both housing need and current government policy toward Council housing. It is no good Ministers repeating the private good, public bad mantra, now saying ALMOs good and Council housing bad. Let's be mature in our debate on all options. We all know, for example, that in some Councils there are problems with housing provision but, we also know that, in some ALMOs, there are also problems about tenant input and rising housing costs.

The Government needs to acknowledge that there are many Councils

that want to retain their own housing stock, that many are good landlords and that their tenants want to remain with the Council. It is the role of the Government to provide the framework within which this can happen rather than attempt to put local Councils and tenants in a rigid housing framework which does not meet their needs. I hope that we can at last move this debate on to ground which meets housing and social need rather than fulfils the prejudices against Councils.

● **Jack Dromey is Deputy General Secretary of the Transport & General Workers Union**

Extract from Labour Housing Group briefing, June 2006

[explaining how the substantial additional rental income the Treasury expects to receive from Rent Restructuring could provide additional funding for the LHG's proposed 'Retained Management Option']

“Under present rules all this extra money flows to the Treasury. We suggest this money (very approximately £600m in total by 2010/11) should be used to support Councils whose record shows a commitment to their tenants, and who wish to remain with direct management.

Access to the additional funding stream should therefore only be for Councils who can demonstrate that they have been properly spending the housing resources currently available to them, actually need the funds, and are professionally competent to spend the money.

We would therefore suggest that access to the additional funds should (only) be made available to Councils which:

“Have achieved at least 2* from the Housing Inspectorate

“Can demonstrate that they have been spending all their useable RTB receipts in recent years on improving their Council Housing (or providing new affordable homes (Social Housing))

“Can demonstrate that the tenants (the HRA) are not being overcharged by the Council for overheads through independent scrutiny and benchmarking.

“Can demonstrate full tenant engagement through active implementation of their tenant compact”

Conclusion

by Alan Walter, Defend Council Housing

Council tenants are being mugged. Behind all the fine words of ‘choice’, inclusion and ‘empowerment’ government is trying to take away our security, lower rents and democratic tenure.

They don’t like it when we see through their spin and join up the dots. Who hasn’t heard their mock outrage when we name stock transfer, PFI and ALMOs as privatisation? They claim disbelief when we point out that RSLs are increasingly remote and unaccountable multi million pound national businesses generating huge surpluses and that the ALMO formula was designed as a staging post to take council housing out of the public sector – but each week’s housing news confirms it.

The Smith Institute paper demonstrates what is at stake. It represents, says Dexter Whitfield, those interests always intent to see an end to public services and the private market ‘let rip’. Derek Simpson asks “whose interests are being served by constantly promoting private as good and public as bad?” Eileen Short suggests they want our valuable estates.

It is the neo liberal policy framework that has encouraged the systematic disinvestment from council housing and created acute poverty on many estates. Council housing has been deliberately stigmatised, to brand all of us who won’t or can’t climb the home ownership ladder as failures.

The attack on council housing is part of the drive to privatise public services world-wide and the moves to undermine the role of democratically elected local councils and replace them with private sector dominated quangos and ‘partnerships’.

We all share the hope of our parents and grandparents that our children should enjoy a better life. But as we enter a new century we watch dismayed as the major gains secured by past generations are being rolled back.

Dave Prentis explains “housing plays a critical role in improving the welfare of our communities” and Peter Ambrose asks “what are the social, economic and health costs of sharply declining housing affordability?” Mark Serwotka makes it clear that investment in council housing would benefit many young workers who want a home of their own.

The campaign for direct investment in council housing addresses the needs of three million existing council tenants and their families across the UK and the 1.5 million on housing waiting lists (plus those who are discouraged from registering).

It also offers hope – and a secure job with decent conditions – to council workers who want to provide a public service and to local councillors who believe that the provision of public services by an elected public authority is worth defending. Like tenants they also suffer sustained bullying to accept privatisation from senior managers who stand to gain big pay rises.

We reject the proposition that privatisation, home ownership and asset stripping our estates to provide luxury homes will improve the conditions of the great majority. We have learnt the hard way that wealth does not ‘trickle down’ – it is taken from us by stealth or by bullying unless we unite to stop the rot.

Dot Gibson points out that communities are ‘sustainable’ with adequate support and resources. Watching new posh neighbours drive in to their gated home across the road or young professionals buying up ex council homes as the first step on the home ownership ladder doesn’t lead to wealth rubbing off – it increases resentment and fragments communities at the expense of those with least money.

Precisely because the private market always fails to meet social need there is a massive demand for council housing today. Give us the extra investment to improve our homes and estates and to build new council homes to address the demand, and council tenants and council estates would be proud once again. As Jon Cruddas argues investment would overcome the desperation that fuels racism.

John Grayson describes how a once strong and independent tenants movement has been systematically undermined. Collective organisation has largely been replaced by compliant individuals who are easily flattered and rarely accountable. TAROE (Tenants & Residents Organisation of England) was told to break links with DCH or lose ODPM funding and local Feds have faced similar threats from their councils.

Those of us opposed to privatisation have to volunteer our own time – in between families and jobs – while councils promote privatisation using our rents to pay senior managers, consultants and PR companies to run a professional marketing campaign against us.

There's a massive democratic deficit. Ahmed Hussain describes how the pro-privatisation camp not only command an overwhelming advantage in terms of resources but have also instructed employees to tear down anti-privatisation posters, stopped tenants hiring local halls for meetings and collected blank ballot papers from tenants' homes. They bring forward or postpone the ballot date based on market research identifying the optimum time to secure the right outcome. They bully and browbeat trade unionists to divide and weaken the opposition.

In no other consultation would these practices be tolerated! It's time that those who manage the ballot process, and usually speak up for electoral reform, spoke up against this outrage!

All the polls show that a big majority oppose privatisation of public services. Nowhere are tenants lobbying for a change of landlord. No stock transfer, PFI scheme or ALMO would have got through without tenants being subjected to a campaign of bullying and blackmail, threatening no improvements unless tenants comply. This is not 'Choice'. The process discredits local and national government and their commitment to meaningful consultation or democracy.

Together we have constructed an almost unprecedented alliance of forces demanding the 'fourth option' of direct investment. We far outnumber the privatisation lobby which draws support only from a tiny number of consultants, senior managers, 'on-message' politicians, bankers and neo liberal academics.

Governments have in the past ignored council tenants; they've ignored the trade unions too. Consecutive governments have reduced the role of local authorities, and back bench MPs accuse the present government of marginalising them.

But can a government ignore all of us at the same time? The lesson of

Margaret Thatcher's downfall was that the poll tax provoked united opposition around a common determination. The privatisation of council housing has proved much harder than its supporters expected. 100 councils in England and the majority in Wales and Scotland have opted for retention – despite the government pressure. Others are likely to follow as more tenants vote No.

Every additional No vote adds to the pressure on ministers. However arrogant and confident they seem, they have to contend with a political dynamic that demands change.

Jim Kennedy chronicles how the Labour Party National Policy Forum set up a working party to address the terms of the 2005 conference motion because John Prescott and others saw the dangers of ignoring too many conference decisions. Ruth Kelly published a Discussion Paper because she felt the need to at least sound like she was listening. But when the DCLG doesn't even organise the promised 'stakeholder meetings' in every region, elected tenants representatives are told they're not welcome and the main channel for feeding into Professor John Hills' review is via Sarah Webb, policy officer at the Chartered Institute of Housing (who in her previous job as head of the ODPM Community Housing Task Force described her role as to 'enhance the stock transfer product'), we are entitled to be cynical.

We've made the financial case and clearly identified that decent, affordable, secure and accountable council housing is financially viable. As Michael Meacher, Dave Prentis and others show our homes and estates can be improved if government ring fences all the money that belongs to council housing. Jack Dromey makes the appeal "I hope that we can at last move this debate on to ground which meets housing and social need rather than fulfils the prejudices against Councils."

The discussions between John Prescott, Jack Dromey and others prior to the 2004 Labour Party conference went some way to finding a formula. This involved allowing all 'good' performing councils direct access to the additional money currently available to authorities that set up arms length companies. The House of Commons Council Housing group, and more recently, the Labour Housing Group have built on these proposals. The new willingness by Ministers to look at reforming housing finance clearly opens up opportunities. Lesley Carty argues there is no need to discard the national housing revenue account pooling principles. What is required is ring-fencing of the resources that belong to council housing and a transparent, fair mechanism driven by the need to improve and sustain council homes across the UK.

We are not prepared to trade our secure tenancies, lower rents and dem-

ocratic landlord for new kitchens and bathrooms and neither will we allow politicians to use the promise of building new homes as an excuse to walk away from their obligation to existing council tenants and estates.

As Austin Mitchell reminds Ministers, the government was elected on a clear manifesto commitment “By 2010 we will ensure that all social tenants benefit from a decent, warm home with modern facilities.” We expect them to keep it in spirit and in word.

The campaign for the ‘Fourth Option’ has always been about more than just winning short-term improvements to existing homes and estates. We are fighting to secure the long term future of first class council housing for all who need it.

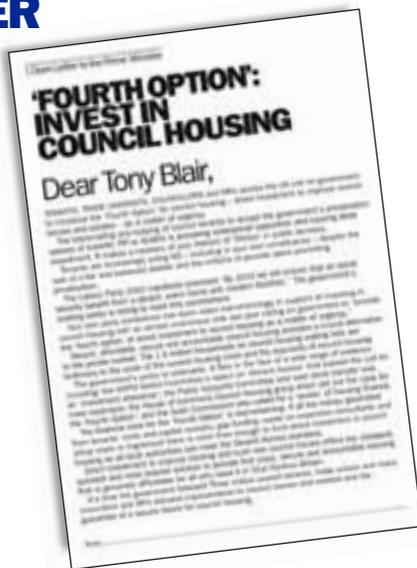
Our job now is to unite tenants, councillors, trade unions and MPs across all the authorities that have retained their homes; those where tenants reluctantly accepted ALMOs and now want to revert back to the council to avoid two-stage privatisation, and those areas still to decide.

The hallmark of tenant led campaigns against privatisation has been that we are not just protesting – we are determined to win! The future of council housing is worth fighting for, for us and our children and a society not ruled by want and fear. Together we can do it.

● **Alan Walter is the chair of Defend Council Housing**

SIGN OUR OPEN LETTER

Tenants, trade unionists, councillors and MPs across England, Scotland and Wales demand that government stop blackmailing tenants to accept privatisation. We want the ‘Fourth Option’: direct investment without strings to improve our homes and estates. The government promised every tenant a ‘Decent Home’ – it was a manifesto commitment at the last election. **Sign our open letter to Tony Blair.** Tell the Prime Minister we want decent, affordable, secure and accountable council housing – for us, for our children and for all those in housing need today and in the future.



HOUSE OF COMMONS COUNCIL HOUSING GROUP

Our inquiry heard from tenants, councillors, housing officers and trade unions from all over the country.



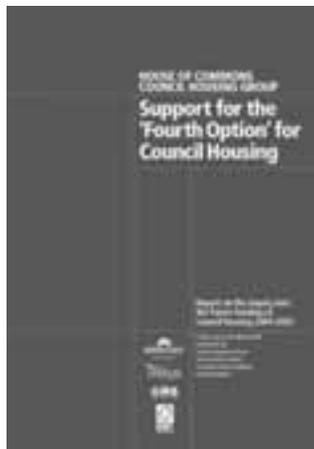
We heard a catalogue of the pressures, abuses and propaganda used to bully councils and tenants. This report develops our case for the 'fourth option' of public investment in council housing. We need to give councils a level playing field to work on, the right to borrow prudentially and the right to keep all their own housing revenues by stopping government siphoning money out of Housing Revenue Accounts.

The ODPM's ideological war against council housing and council ownership is a war against tenants. They mostly want to stay with the council. It costs millions to give away billions of pounds worth of public assets. It is purely ideological since councils have lower costs and can renovate and repair less expensively. It results in no real improvement in the lot of tenants but an increase in rents and charges. It distracts attention from the main housing problem: the need for far more public housing for those who can't afford to get on a house price escalator accelerating beyond them. It's time to change the policy. This document makes the very powerful case for that change.

Austin Mitchell MP, chair of the House of Commons 'Council Housing' group

Support for the 'Fourth Option' for Council Housing

Report on the inquiry into the future funding of council housing 2004-2005



For copies of the full report (£10 organisations, free to individual tenants) or further information on the work of the House of Commons Council Housing group contact:

**Austin Mitchell MP, chair, House of Commons Council Housing group,
House of Commons, London SW1A 0AA. Phone 020 7219 4559.**

Email info@support4councilhousing.org.uk

The report and additional evidence, background and reference material used in its production can be downloaded at: www.support4councilhousing.org.uk

ALMOs: 'REVERT BACK'

Safeguarding
the future of
council housing

**Defend
Council
Housing**



PLACE YOUR ORDERS FOR THIS NEW PAMPHLET

As the first ALMOs come to the end of their five year contract there is a decision to be made.

The government has finally published the outcome of its review of ALMOs. Everyone can see the direction of travel in which they want to go. No one who believes in defending the principle of decent, affordable, secure and accountable council housing is going to support proposals to transfer the ALMO company into the private sector. Reverting back to the council is the surest way of safeguarding

the future of council housing in ALMO areas.

It is important that there is a fair and balanced debate in every area and a formal ballot so that tenants – not board members, senior officers, consultants and lenders – can hear all sides of the argument and decide what should happen to the future of council homes.

DCH is planning a pamphlet in conjunction with the European Services Strategy Unit at Northumbria University (continuing the work of the Centre for Public Services) to assess the

ALMO experience from the perspective of tenants, trade unionists, councillors and MPs. We need your help. Please answer the questionnaire, get your organisation to sponsor the pamphlet and place an advance order to stimulate the debate amongst tenants, trade unionists and councillors in your area. This pamphlet aims to bring together all the available evidence so that those in existing ALMOs considering their future and those being asked to set up new ALMOs can make an informed assessment.

Defend Council Housing



1,300 tenants, trade unionists, councillors and MPs at DCH Lobby of Parliament, 8 February 2006

Defend Council Housing was set up in 1998 to fight against the privatisation of council housing and for direct investment to make council housing first class housing for all who need it. The campaign unites council tenants, trade unionists and activists around Britain. It has support from a wide political range of councillors and MPs.

Affiliate, Donate and Order Material DCH relies on tenants, trade union and campaign groups for support. We can't use tenants rents to pay for leaflets and broadsheets to counter the glossy PR campaigns promoting privatisation. Please propose your organisation affiliates to DCH, make an additional donation and order campaign material to distribute in your area.

AFFILIATE

Annual affiliation fees:

Tenant/Community/Political Organisations:

Local £10 District/Regional £25 National £50

Trade Union Organisations:

Local £40 District/Regional £100 National £250

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THE CASE FOR COUNCIL HOUSING IN 21ST CENTURY BRITAIN

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