

# Tenants Against Stock Transfer

# VOTE NO TO PRIVATISATION



**Why is Manchester City Council trying to give away our homes? Because the Government wants to privatise council housing.**

The overwhelming majority of tenants want to stay with the Council, so they are trying to blackmail us to give up our secure tenancies.

It's not the case that the Government doesn't have the money for improvements. Southway Housing will have 33% more of our rent to spend because all the debts that the Council had for housing will be written off on transfer. There will also be £34 million given to the housing trust as "gap funding". All this could be given to the Council direct, at no extra cost.

Ask yourself – if they need dirty tricks to get us to vote for transfer there must be something wrong.

This is a Government that has privatised more than any other government. Privatisation may be good for businesses, but prices rise, service deteriorates and there is less accountability. The railways, gas, electricity, and water have all been privatised, and how much better are they?

Transfer means risk. Small housing associations are disappearing fast – getting taken over by bigger companies in the world of private finance.

Council housing may not be perfect, but it's well worth defending – for us and for future generations.

**DON'T LET THEM PRIVATISE OUR HOMES: VOTE NO!**

## There is an alternative

### Direct investment in council housing

**Our united campaign of tenants, trade unions, councils and MPs across the country is making a difference.**

In 2006 tenants voted NO in no less than 12 different areas, from Mid-Devon to the Highlands of Scotland.

After the third consecutive vote at the Labour Party conference,

"Labour's ruling committee has promised that the party will take a fresh look at the long-running controversy over the 'fourth option' for funding improvements to council housing, and will deliver its conclu-

sions next year... In a statement, the [National Executive Committee] said: "The group is exploring ways of creating a level playing field in the funding of social housing, between those with... housing associations and those without; we await its conclusions early next year." (From the magazine *Public Finance*, October 2006) (See inside for details).

Don't let them bully you into voting for privatisation – if enough tenants stand up to the blackmail and vote to keep our council housing, we can win.

## 8 REASONS TO REJECT TRANSFER



### Rents Up

The government's rent formula is no protection – it won't apply to service charges, and housing associations can get round it by changing the method used to calculate the rents.



### No accountability

Council tenants get to vote for their landlord in local elections every four years. Housing association boards are accountable to no one and dominated by the banks and lenders.



### Privatisation

Councils can borrow much cheaper than housing associations. Transfer means more of our rents going on profits for the banks rather than repairs to our homes.



### Loss of secure tenancies

If we transfer they take away our 'secure' tenancies. Evictions by housing associations are much easier with their 'assured' tenancies.



### Massive setup costs

Transfer to Southway Housing will cost millions of pounds. This money could be used instead to carry out the repairs and improvements tenants need!



### Worse Services

Ordinary housing workers end up worse off after transfer while senior managers get fat cat salaries. Staff demoralisation affects the service tenants receive.



### Mergers and takeovers

The new landlords in 12 out of the first 13 transfers in Manchester (up to 2003) have either expanded or been taken over. Either way we are likely to end up as part of a huge business empire – not a local organisation.



### No return to the council

Transfer is a one way ticket – there's no going back to the council if promises are broken. Southway Housing make lots of promises but what happens if they go bust?



Party oppose stock transfer totally."  
**Gerald Kaufman, MP for Gorton**

"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... I with my constituents and my Labour

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# Demand direct investment in our homes

# Tenants Against Stock Transfer

“ Having been a council tenant for forty-six years I think that the stock transfer is wrong. Why sign away all our secure tenancy rights, which are protected by a parliamentary act, to become a new tenant of a private landlord. The Council has done a reasonably good job over the past 80 years, why change?”  
**Keith Gammond, Western Circle, Burnage**

“ Nobody I know actually wants to transfer. Even the people on the council's steering committee don't want to transfer. Everyone is worried about what will happen to rents and tenancy rights and I think that if they are having to con us into transferring, the truth must be that it is not good for tenants.” **Hussein, Chorlton Park estate**

## Transfer – it's not worth the risk...

The council keep insisting in their glossy propaganda that Southway will be a local organisation – a ‘tailor made, not-for-profit local landlord... locally made and locally run’ (A New Future, June 2006). But this isn't the experience of other transfer associations in Manchester.

Of the first 13 partial transfers to have taken place of Manchester City Council homes (up till 2004) 12 have either expanded by buying up transferred stock in other parts of the city, been taken over by other housing associations, or become part of massive group structures.

### WE COULD END UP IN A HUGE BUSINESS EMPIRE

Tenants from Partington who transferred to Manchester & District HA in 1996 are now part of Harvest Housing Group. Harvest has been planning a merger with Plus Housing Group; is involved in a Private Finance Initiative scheme; and has joined a consortium of housing associations to set up a Real Estate Investment Trust (REITs are a new sort of company set up to get involved in buy-to-let schemes in the private rented sector.) They are even buying up new homes in North Dorset, and were described by North Dorset council as ‘an outfit we have never heard of coming down to north Dorset in a very predatory manner’ (Inside Housing, 30th September 2005)

Inwell Valley HA, a new ‘local’ organisation which took the transfer of homes in Sale in 2000, has since bought up more homes in Manchester, as did Willow Park Housing Trust (set up in East Wythenshawe in 1999), and Mossacre (which now owns homes in Carrbrook, High Legh, and Moss Side.)

Inwell Valley HA is now thinking of joining up with housing associations with Holland! ‘Chief executive Tom Manion ... said he had been talking to a number of European associations ‘to look at much closer European integration of services with a view to looking at joint development and management systems’” (Inside Housing, 15th July 2005)  
Tenants from Knutsford



transferred to Manchester Methodist HA in 2002. Since then Manchester Methodist has taken over Selhal, a housing association which was facing insolvency, and then merged with Ashiana HA to form Great Places Housing Group. Housing associations Portico (who took over Ramsbottom in 2000), Rivers Trust (Whitefield in 2000) and Collingwood (Handforth in 2001) have now merged to form Contour Group.

### TENANTS PAY THE PRICE OF FAILURE

Housing associations borrow on the private market and it is our rents that they use as a guarantee. This is not a small risk – one fifth of transfer associations get into difficulty.

Housing associations don't stick with just renting ‘social’ housing either, many diversify into the private market. Of the Manchester transfers referred to above, at least three transfer associations are involved in market renting, eight in various forms of new development, from shared ownership to the sale of luxury properties on the open market, and four in ‘housing market renewal’ schemes.

Tenants from the Colshaw Farm and Langley transfers are part of the Riverside Group, the fourth biggest housing association in the country, with homes in 27 different local authority areas. They have a huge business in homes for sale on the private market – in 2005/06 their turnover from private sales was £4.5 million.

Riverside is pushing ahead with a merger with ECHG causing outrage among tenants and workers alike: ‘A merger rescue package aimed at hauling English Churches Housing Group out of financial trouble could result in hundreds of job losses and a widespread programme to sell off homes across the south of England.... Roz Foyer, national secretary of the Transport & General Workers' Union, said shop stewards were furious they had been excluded from talks on the scale of redundancies.... A total of 550 [homes] will be sold on the open market.’ (Inside Housing, 16th June 2006)

Transfer means risk. The whole business plan relies on a massive £34 million subsidy from the government to be financially viable.

What will happen if Southway Housing tries to expand too far, too fast? What's the betting that tenants pay the price for their grandiose schemes? (Sources: Housing Corporation Assessments; articles in Inside Housing, 06/12/02, 30/03/06, 21/09/06 and 10/11/06)

# THERE IS AN ALTERNATIVE

**The government desperately hopes that ambitious councillors and senior council officials will bully tenants into submission. But around the country tenants with the support of trade unions, MPs and councillors too are fighting back. We want the improvements but we don't want a private company running our homes. Resist the blackmail. Join the national campaign to win direct investment – with no strings attached.**

**WE SHOULD DEFEND and improve council housing for our children and for future generations – it's their right as well as ours.**

### THE MONEY'S THERE

Tenants pay more than enough in our rents for all the repairs and improvements we need; the problem is the government robs our rent accounts, and then has the cheek to offer us some of the money back – provided we accept privatisation!

If Southway Housing is allowed to keep an extra 33% a year of our rents, not to mention a further £34 million in ‘gap funding’, then why can't the government let Manchester council do the same? It wouldn't make a penny of difference to public borrowing rules, and we could have the investment we need while still keeping our secure tenancies and democratic rights. This is what we call the ‘fourth option’.

### THIS CAMPAIGN CAN WIN

Tenants in Manchester are not alone in demanding direct investment without strings. All over Britain tenants are opposing the government's ‘three options’ – stock transfer, Private Finance Initiative (PFI) and Arms-Length Management Organisations (ALMOs)

Many of the biggest trade unions are supporting the campaign (Amicus, CWU, GMB, PCS, RMT, TGWU, UCATT, UNISON) on behalf of their members who work in local government and their members who are council tenants or who need council housing.

Two committees of senior back-bench MPs have condemned their plans. The Public Accounts Committee has condemned the huge cost of transfer and questioned its benefits; while the select committee of MPs which oversees housing demanded a level playing field for councils to be able to invest in their own stock.

More than 250 MPs have signed one of several Early Day Motions in support of direct investment in council housing. A significant number of MPs joined the campaign for the first time in the last year.

A big campaign by tenants backed by trade unions and sympathetic councillors, MPs and others is forcing the government to listen, and we have already won concessions.

### HELP PUT PRESSURE ON THE GOVERNMENT

Ministers are feeling the pressure. Ruth Kelly, Minister for Department for Communities and Local Government (DCLG), produced a Discussion Paper in June. She announced a pilot of six councils to look at new housing finance arrangements that would allow councils to do more improvements themselves.

In September 2006 the Labour Party conference voted for the third consecutive time for the ‘Fourth Option’. This was a clear sign that the pressure for a change in government policy is biting. Labour's National Executive Committee issued a statement:

“We recognise the decisions con-



South Manchester tenants calling for a NO vote

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

Minister Ruth Kelly was obliged to assure delegates “We are listening”. She promised the sub-group would address “the full range of options for the future”.

It all gives the lie to senior council officers and consultants who are trying to tell us that government policy is set in stone. That clearly is not the case.

But we need to keep up the pressure. Already since the vote at Labour party conference tenants

have won NO votes in Gravesham, Salisbury, Stirling, Renfrewshire, South Kesteven, Highland and Taunton Deane, as well as 5 partial transfers in Tower Hamlets, east London.

If tenants in Manchester resist the blackmail, vote NO, and add our voices to the call for change, then it will add to the pressure on government.

Council housing may not be perfect but it is worth defending, for us

**RESIST THE BLACKMAIL!  
VOTE NO TO THE TRANSFER!**

## The case against stock transfer...

### TRANSFER THREATENS TENANTS' RIGHTS

Council housing may not be perfect but it has served generations well. Only council tenants have secure tenancies, the statutory right to reasonable rents and a democratically accountable landlord. Transfer means our homes will be privatised – transferred into the market-driven private sector where banks and building societies are in control.

### PRIVATISATION

Housing associations are private companies in law; their borrowing is private not public. Housing associations borrow directly from private lenders at higher costs than councils. They function increasingly like businesses, with mergers, takeovers and lenders in the driving seat.

The council makes a big thing out of Southway Housing's ‘non-profit making’ status. But housing associations are lobbying for this to change. ‘England's largest housing association has held talks with the Housing Corporation about floating the company on the stock market... Inside Housing has also learned that the first independent review of regulation in the sector for more than 30 years will take a detailed look at the possibility...’ (Inside Housing, 5th January 2007)

The ‘call for evidence’ for this review, recommends: “opening the market to a wider range of organisations (for example by allowing... profit-making bodies, to register with the regulator as providers of social housing) or allowing a restructuring of existing providers”. (Cave review of the regulation of social housing, December 2006)

### LOSS OF SECURE TENANCY

Council tenants' secure tenancies are lost after transfer, becoming ‘assured’ tenancies, which have less rights in law. With assured tenancies eviction is much easier. The council promises that extra rights written into our tenancy agreement will give us equal security with the rights we have as council tenants. These promises don't have the same force in law as statutory rights.

Importantly, new tenants won't get these extra promises. On page 44 of the offer document it says that new tenants will get a “non-shorthold assured tenancy”. That means an ordinary assured tenancy, NOT an assured-tenancy-

with-protected-rights.

So over time tenancy rights will be eroded. Council housing belongs not just to us but to future generations – what right have we to agree to the council giving it away?

### WORSE SERVICES

The chief executives of RSLs receive fat-cat salaries (sometimes more than £200,000), while ordinary workers lose out. Government research found only 35% of staff transferred to RSLs were still on their former local government terms and conditions. (Dept of Transport, Local Govt and the Regions 2001). Many have very limited recognition agreements with unions. The demoralisation of staff can only lead to a worse service for tenants.

### MORE EXPENSIVE

Transfer wastes public money. The Public Accounts Committee of MPs found when it investigated stock transfer in 2003 that it costs £1,300 per home more to improve after transfer than it would have cost under local authority control. Private borrowing costs more than if the council borrowed directly.

### HANDS OFF OUR GREEN SPACES

If we vote to transfer, then not only our homes will be sold off but so will ALL THE LAND OUR HOMES ARE BUILT ON. What guarantee do we have that our green spaces won't be used for luxury development?

### MORE HOMELESS

A Shelter report found that after transfer ‘homeless applicants spend longer in temporary accommodation, have fewer long term housing options and in some cases are unable to access affordable housing at all.’ (Stock transfer, Homelessness and Access to Housing; Shelter, 2001)



## Can you trust the Council about privatisation?

**Below is a copy of a letter printed in the South Manchester Reporter on the 27th of September 1997:-**

*“Let me make it clear to all Tenants in Barlow Moor and Merseybank, that the council has absolutely no plans to transfer those estates.”*

*Councillor Clair Nangle, Chair, Housing and Environmental Services”*

At that time Cllr. Clair Nangle was the Chair of the Housing Com-

mittee, the leading councillor responsible for council housing in Manchester City Council. Today the Council is proposing to transfer our estates, the very thing that Cllr. Nangle knew would be a bad thing for council tenants. How can we believe a word they say?

The council aren't telling the truth now about what happens if we vote NO. They have resources called the Major Repairs Allowance, £581.62 per tenant per year in Manchester – that's money

from our rents to be spent on improvements like new kitchens and bathrooms. For 6,000 homes it adds up to around £3.5 million a year; £17.5 million over five years – a substantial amount to spend on our homes even if we vote NO.

The offer document is deliberately designed to mislead. The council should set out in the offer document exactly what work can be done if we vote NO, not tell us nothing can be done. It's outrageous.

## Transfer means higher rents

Councils claim that the new government ‘rent convergence’ formula means that rents will increase by the same amount whether tenants transfer or not. But Housing Association rents are still much higher than council rents. Service charges are not covered by the rent convergence formula. And thanks to new evidence it's now clear that the formula itself is worthless.

The average rent for a council property in Manchester was £52.40. The comparable figure for housing associations in Manchester is £57.33 – nearly ten percent higher. Some transfer associations' rent is higher

still – Contour's average rent is 17% higher, Manchester Methodist's 18% and Manchester & District's 22% (Figures from the Housing Corporation 2005/06)

The small print in the offer document (Proposed Tenancy Agreement section 1.1.11) shows that there is no guarantee on how much service charges will be raised by and that they are not covered by the rent formula. By describing part of the rent as a ‘service charge’ Southway Housing can get round the rent rules.

Housing Associations can change the valuation method used to calcu-

late the rent. In the words of TPAS: “changing the valuation method and therefore achieving higher ‘Target rents’ can [drive] a horse and carriage through the rent policy guidance and guarantee... Housing Associations... clearly understand how the Jan 1999 valuation method is the loophole in the government's rent setting policy... They can comply with the Government guidance parameters but also achieve higher rents, sometimes much higher rents.” (email from Tony Bird, TPAS ITA in Brighton, to Anne Kirkham, Department of Communities and Local Government, 09/08/06)

# Tenants Against Stock Transfer

“I have two children to care for and I am worried about the effect on my family of the loss of security and the danger of big rent increases if we have to move to a housing trust. I don't trust the bureaucrats who might take over from the Council. Their big pay packets will come out of my rent.” **Julie Bell, Chorlton Park estate**

## Democracy not part of the agenda

“In April 2006, as a result of pressure from tenants and residents I was elected by Burnage South Tenants Association to be its representative on the Steering Group, and the TA also decided that it was opposed to stock transfer and supported the fourth option.

It didn't take me long to realise that democracy was not part of the agenda. The constitution made it clear that members of the Steering Group must support any and all proposals put forward by the hierarchy from the Council who attend and totally control the meetings, and there are plenty of them.

On the fifth of October I received a letter from the Project Manager stating that because I had expressed my misgivings about the proposed stock transfer every tenant and resident in the Burnage South area (approximately 2000) were banned from being representatives on the Steering Group. This action was taken without consulting the Steering Group as required by the constitution.”

**Norman Sugden, previously Chair of Burnage South TRA**

## Tenants will have less power after transfer

**THE COUNCIL CLAIMS THAT transfer to Southway Housing will mean 'local people making decisions'. This is a con!**

At the moment individual tenants and tenants associations can lobby their local ward councillors and, if we don't like the way they run our homes, vote them out. This direct democratic relationship will be lost after transfer.

The Board of Directors setup gives us a few token tenants, but they will be in a minority.

Southway's shadow board is heavy with managers. Among the

'independent' directors there are: two directors of other housing trusts; a finance director at the airport and a surveyor "experienced at working at board level", and then among the tenant appointed directors there is one with "extensive experience of company management" and one of the Council nominated directors is the Council's Director of Housing.

Even if all of these 'local people' on the board wanted to, they cannot make decisions to favour tenants because they are required to act in line with company law. "At the time of transfer, tenants are often led to believe that they will have an explicit

role in representing the interests of their fellow tenants on the board. This is not compatible with the accepted principle that as board members they have to work for the principles of the organisation" (Housing: Improving services through residential involvement, Audit Commission, June 2004)

And what happens if Southway Housing joins up with another housing association, expands out of Manchester, or gets taken over? There will be nothing local about the decision making then.

**So much for their claim about "local people making decisions".**

## We can stop them – use your vote!

The council would like tenants to believe that the outcome of this ballot is inevitable – but it isn't. An effective campaign can win the argument. NO Votes in Birmingham, Camden and many other places have shocked Ministers and policy makers and made MPs sit up and take notice. If tenants in Manchester vote NO too then it adds to the real pressure on government to give us Direct Investment – with no strings attached.

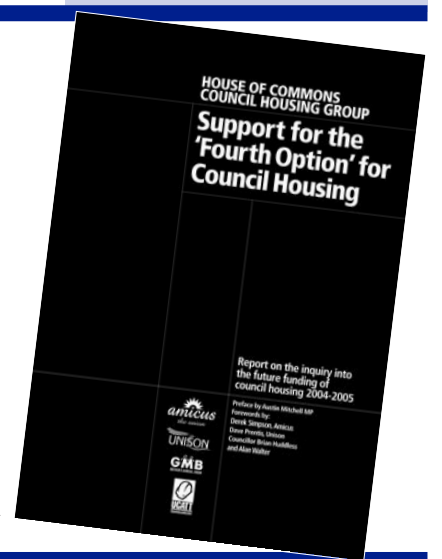


## Council housing can pay for itself

The House of Commons Council Housing group report identifies the money government is siphoning out of council housing from tenants rents, 'right to buy' receipts; the extra cost of consultants and setup costs and higher housing benefit payments.

The MPs call on government to ring fence all the money that broadly 'belongs' to council housing and use it to provide an 'investment allowance' to enable local authorities to borrow like other landlords, to provide the fourth option.

● For a copy of the report (free to individual tenants) contact Austin Mitchell MP chair, House of Commons Council Housing group, House of Commons, London SW1A 0AA. Phone 020 7219 4559. [www.support4councilhousing.org.uk](http://www.support4councilhousing.org.uk)



# This campaign needs your help!

The Council seems to have unlimited amounts of public money to produce videos, glossy newsletters hand delivered each month, three show homes (£30,000 each), a mobile show kitchen, council staff attending every tenant association meeting etc to promote the Councils proposal. Even the so-called "independent tenants advisor" is paid for by the council – hardly independent!

Yet the Government's guidance on stock transfer says "Material produced by the authority should... state both the possible benefits and disadvantages of the options. The informal material should never be written in such a way that tenants feel the authority is actively promoting a yes vote by presenting only the pro transfer arguments." (Housing Transfer Manual 2005).

But Manchester City Council has not mentioned any disadvantages of the proposed transfer.

If the transfer is going to be so good for everyone, why are they having to spend so much to persuade us to agree?

It's wrong that the council are spending our rent money on their propaganda and trying to make out there is no alternative to stock transfer. Tenants Against Stock Transfer can't use public funds and relies on donations. Please help us to help you reach an informed

decision about the future of your home:

- Distribute this broadsheet to every council home in your area;
- Put up posters on your estate and in your window;
- Organise a meeting and invite a speaker from the campaign to debate with the council so all

tenants can hear both sides of the argument;

- Raise money to pay for the campaign; any donation will be appreciated, no matter how small.
- Most important... talk to your family, friends and neighbours and get them to VOTE NO.

### PLEASE CONTACT US

**Write:** 373 Kingsway, Burnage, M19 1NG or 11 Holmdale Ave, Burnage M19 1LW

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**For more information contact the national DCH campaign:** [www.defendcouncilhousing.org.uk](http://www.defendcouncilhousing.org.uk)



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# Demand direct investment in council housing – with no strings attached