

DEFEND COUNCIL HOUSING

post lobby special: Feb 2006

Government policy now set to change

Stop all stock transfers, PFI and ALMOs



photo Andrew Wiard reportphotos.com

1300+ attend lobby and rally

More than 1300 tenants, trade unionists and councillors, from over 90 areas across Britain took part in the Lobby of Parliament and rally for the 'Fourth Option' on 8 February.

Feb 8th strengthened the resolve of tenants, councillors and trade unionists to resist the government's three options of transfer, PFI or ALMO and press home the demand for the 'Fourth Option' - direct investment.

32 speakers addressed the rally including tenants fighting privatisation, senior MPs, trade union leaders and senior councillors. The platform demonstrated the breadth and depth of the campaign - and our determination to win.

The day raised the confidence of delegations of tenants, councillors and trade unions from every part of the UK and provided an opportunity to share experience and lobby MPs.

250 areas will benefit from 'Fourth Option'

Tenants, trade unionists and councillors in 250 local authorities have a direct interest in winning the 'Fourth Option'.

98 authorities have opted for 'stock retention'. They need additional investment to improve homes and estates.

A further 98 have yet to make a decision. They plan to bully and blackmail tenants to accept stock transfer, PFI or ALMOs. Many face stiff opposition.

And nearly 50 authorities have gone ALMO. Tenants were told this was only to get extra investment and that the ALMO contracts expire after five years. For them, the 'Fourth Option' would

ensure they can revert back to direct council management which prevents two-stage privatisation. This is what tenants want.

In discussions before the 2004 Labour Party conference deputy prime minister John Prescott, accepted in principle the argument that 'good' performing councils should be able to access the extra money available to ALMOs - without setting up a private company.

If all the money that belongs to council housing is reinvested, and the ODPM give support to other authorities to improve their performance, we have the basis of a formula that solves the problem.

NO Votes in Edinburgh, West Lancs, Waverley and Tower Hamlets

Eleven transfer ballots were held in December 2005 and eight of them were NO votes. This is the highest proportion of NO votes in one period and shows the strength of feeling right across the UK.

Tenants in Edinburgh voted against transfer, setting a tone for the rest of Scotland. West Lancashire voted NO as did Waverley tenants in the South East.

In Tower Hamlets, London, tenants in 5 out of 7 areas rejected transfer.

98 authorities have already decided to retain their homes, and of those proposing stock transfer, PFI or ALMO in the coming months, many expect stiff resistance from their tenants.

Every No vote adds to the pressure for a change in government policy.

Bulk Order in advance: new DCH campaign newspaper – out Feb 27

Eight pages including full report on lobby and rally, latest on government position and policy review, advice and support for local campaigns, arguments against transfer, PFI and ALMOs and case for 'Fourth Option' Please email/phone in advance bulk orders (£18 per 100 / £100 per 1000) to get the latest out to tenants, trade union members and councillors in your area.

Policy review announced

A change in government policy on council housing is in the pipeline. This marks the end of the line for all those trying to tell us 'government policy won't change' - the pressure for change has hit home.

Councils pushing tenants to accept stock transfer, ALMOs or PFI schemes must now be told to put their plans on hold. They can't be allowed to bully and blackmail tenants by telling us government policy is set in stone.

Before Christmas Ministers David Miliband and Yvette Cooper met the campaign's Parliamentary group to discuss our case for the 'Fourth Option'. We are due to meet ODPM officials to review the detailed financial arguments before meeting Ministers again.

The Labour Party National Policy Forum has set up a working group under its Sustainable Communities Commission, to address the motion passed 'almost unanimously' by Labour conference last September.

At Labour's spring conference in Blackpool (Feb 11/12) delegates quizzed Ministers and pressed for action. Jack Dromey, T&G deputy general secretary and a member of the new working group explained

the terms of the review at the DCH fringe meeting (see below).

Ministers want to drag out the discussion until the Treasury

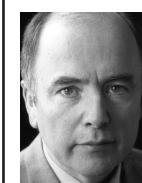
Comprehensive Spending Review in 2007. 'Fourth Option' supporters are pleased the government is now moving - but we're not prepared to wait that long!

Tenants are sick of the bullying and blackmail. We don't want any more transfers, ALMOs or PFIs. We demand the money that belongs to council housing is reinvested to improve our homes and estates NOW!

We urgently need investment to improve existing council homes and build new ones. Candidates of all parties in the May local elections should be asked to pledge their support for an immediate change in policy.

United campaigning by tenants, trade unions, councillors and MPs is paying off, but we need to step up the pressure.

Together we need to make sure there are effective campaigns in every area to make sure all tenants hear the arguments. If your authority is promoting transfer, PFI and ALMOs contact DCH for help to produce material and speakers for meetings and get out on the estates.



“The government has said, we can't go on ignoring decisions of the party, we should now engage in that debate. And so through the National Policy Forum there will now be a debate over the next 18 months. A working party has been set up, myself and six others, to work out how councils can meet the needs of tenants.

'This will look at two things - greater freedoms for councils to improve their housing, and for councils to have a role in new build...

'My view is the door is open, but it won't be easy. We can only win by a combination of the power of our arguments and the power of our campaigning.

We must continue to engage nationally and to campaign locally for NO votes until we see tenants having a real choice and councils having real freedoms.

Jack Dromey, T&G deputy general secretary, DCH fringe meeting, Labour spring conference Blackpool 11 Feb 2006

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ALMO proposals confirm two-stage privatisation
Case for the 'Fourth Option' – direct investment
Stop the bullying – we demand a balanced debate

Housing For People **NOT** Housing for Profit

6 Reasons for 'Fourth Option'

Britain's housing crisis is growing: 1.5 million households are on council housing waiting lists, 135,000 households are in temporary accommodation and many more face chronic overcrowding.

Decent, affordable, secure and accountable council housing has served generations well. The problems we face are down to lack of investment.

Councils can build, manage and maintain homes cheaper than other landlords. So it makes sense to step up investment in council housing – not subsidise privatisation and take away our rights, accountable landlord and lower council rents.

The private sector only wants to build

when and where it can make big profits.

Shelter research shows that 72% prioritised a safe neighbourhood and affordability before ownership. The push to increase home ownership is not driven by public priorities but government policy.

Evictions of tenants are up and Shelter is worried about increased repossessions due to mortgage arrears. Government plans to raise council rents to the levels of Housing Associations (RSL rents are on average 20% higher) increases Housing Benefit bills and leads to more poverty and people caught in the benefits trap.

Public subsidy which once went to council housing and was then diverted to

RSLs is now being offered directly to private developers. The government also plans tax breaks, grants and 'gap funding' to encourage Real Estate Investment Trusts (REITS) which are the model for privatising public housing in America and Europe. UK RSLs are already investigating setting REITS up.

Ministers argue (see right) that the amount of money they can invest in council housing is constrained by the Treasury's Public Sector Borrowing Requirement (PSBR) limit and shortage of funds.

But they are not just playing with our homes – they are playing with figures too (see below)!

'Fourth Option' affordable

Most tenants believe that all the income from our rents and money made from the sale of council homes is re-invested. But it isn't.

Each year government only allows councils to use part of this income - the rest is siphoned off. Next year government plan to withhold £1.55 billion from our rents. They have also been making an annual profit of more than half a billion pounds from 'right to buy' sales.

Stock transfer, ALMOs and PFI are a much more expensive way of improving our homes. Savings on costly setup fees, consultants and glossy PR campaigns to bully tenants could all be spent on our homes and estates.

Ending transfers would save government the cost of writing off council debts to make the sale attractive. There would also be a saving on Housing Benefit bills. Higher housing association rents cost the Treasury more.

All this money could be used to fund an 'investment allowance' to allow councils to improve our homes – which is what tenants want.

In 2002 the Office of the Deputy Prime Minister floated the idea of such an 'investment allowance'.

Now is the time for Ministers to look again at this proposal and give tenants a real choice by providing the 'Fourth Option'.

Many MPs in the dark

Many MPs haven't yet studied the argument. More and more of those who have are now supporting the 'Fourth Option'.

132 MPs have signed the current Early Day Motion in Parliament ('Future of Council Housing' No. 48) and a growing number of ex Ministers and other senior back bench MPs are now joining the campaign.

Ask to meet your MP and put the case for the 'Fourth Option' of direct investment in council housing. Ask them to sign the EDM and join the Council Housing group at Parliament. Let DCH know their response.

Reinvest money on council housing

● "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 Housing Review 2005/2006*).

● Landlords and lenders jack up rents to make bigger profits. Diverting money away from council housing isn't what tenants want and doesn't make economic sense.

● Stock transfer has seen council homes almost given away to new landlords. However the income received still adds up and has produced £5.86 billion 'Total Transfer Price' which should be reinvested (*UK Housing Review 2005/2006*).

● "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" (*Joseph Rowntree Foundation 01/12/05*).

● £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.

● Government continues to withhold money from tenants' rents: £1.55 billion for 2005/6. This is more than enough to fund an 'investment allowance'.

● 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 25/01/06*).

● 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!

● Stock transfer fails to meet the Treasury's performance requirement for Decent Homes "with most of the improvements taking place in the most deprived local authority areas". Investment isn't targeted effectively at the homes that need it most urgently.

● Making debt write off conditional on stock transfer is just blackmail. "Writing off debt owed by local authorities to central government has no effect on the financial position of the public sector as a whole, or on any of the fiscal aggregates." (*PQ answer, 19/01/06*)

Future for ALMOs: Privatisation on agenda

As predicted the government is considering allowing arms length companies (ALMOs) to transfer into the private sector.

They say councils will still own the homes but what happens if the business plans of these companies go pear-shaped? "In the event of an ALMO failing financially the initiative would rest with the funders, rather than with a public sector body" (*UK Housing Review 2005/6*).

A recent European Court of Justice ruling could mean that councils that set up ALMOs without inviting private firms to tender for management contracts could be acting illegally. "Simon Randall, partner at law firm Lawrence

Graham, said: 'The judgement challenges the perceived view that a local authority can simply enter into a housing management contract with its own ALMO without competition'" (*Inside Housing 10 Feb 06*).

There is also increased concern about the delay in the ODPM announcing any further ALMO funding. "Gwyneth Taylor, policy officer for the National Federation of ALMOs, said the situation was far from ideal. 'It is a particular problem for the local authorities because in effect they are having to make a decision to spend resources on setting up an ALMO with no absolute guarantee that the ALMO will be accepted on the pro-

gramme'" (*Inside Housing 10 Feb 06*).

Tenants, trade unions and councillors in areas setting up ALMOs should demand all expenditure ceases.

And those in areas with established ALMOs should start campaigning for the homes to revert back to the council once they have achieved the Decent Homes standard. It's the only certain way to stop two-stage privatisation taking place.

If you don't want to be privatised don't take the first step with an ALMO.

Ask yourself: Why is the government offering extra money for ALMOs unless privatisation is their real agenda?

1 Winning the 'fourth option' will provide a secure future for tenants in the 98 authorities who have decided on stock retention, and tenants in the 43 authorities with ALMOs who now face the threat of the council owned company being transferred into the private sector. We want to protect our security of tenure, lower rents and more accountable landlord from the mercy of market forces - private landlords and the banks.

2 Government should respect the democratic right of tenants to choose to remain with the council and get improvements to our homes and estates. Tenants in 100 authorities where councils are pushing transfer, PFI or ALMOs this year deserve a real choice.

3 Investing in council housing makes sense for the 1.5 million on council waiting lists, including 100,000 households in temporary accommodation, and many others facing chronic over-

crowding. Research by Shelter undermines the government's drive on home ownership. Ownership comes third in the priorities of those in housing need - after affordability and living in a safe neighbourhood.

4 We need to defend local democracy and demand that elected local councils be allowed to get on with the job of providing an essential public service - decent, affordable, secure and accountable council housing

5 Support existing council workers - and the retention of decent local authority jobs across the country - instead of TUPE transfer to private companies

6 Council housing is cheaper to build, manage and maintain than the alternatives. Housing has a huge effect on education and health. Investing in council housing would be the most cost-effective way to end the present housing crisis.

STOP THIS DEMOCRATIC OUTRAGE Tenants demand 'fair and balanced' debate

Too often councils try and manipulate any 'consultation' with tenants. They spend our rents on a one-sided glossy PR campaign and bullying to try and get tenants to support their proposals.

Councils are increasingly publishing a timetable for their consultation and then balloting early - before tenants get to hear both sides of the argument.

In Tower Hamlets the council has postponed three ballots because their own market research shows they would lose the vote if they held it now. They say tenants are 'confused' and need more time.

Anti privatisation campaigners are frequently denied access to local halls for public meetings, housing staff and consultants often take down our posters and councils use their muscle with local media to keep any debate out of the press.

Where tenants have already said NO councils come back with a second 'consultation' to try and get the right result.

It's a democratic outrage! None of this would be allowed in a general or local election.

The government say they believe in 'choice in public services'. Real choice depends on there being a 'level playing field' for council housing and everyone getting to hear both sides of the debate.

Demand ministers adopt the recommendations from the House of Commons Council Housing group's report. Guarantee all tenants a 'fair and balanced' debate, a formal ballot on a set timetable in every case.

Sefton's Disgrace

In Sefton tenants voted NO to transfer in August – despite the council spending £millions and trying to sack local union officials backing the campaign.

They claimed tenants were bribed and intimidated by anti-transfer campaigners. No evidence has ever been provided but three months later the council reran the ballot whilst conducting a campaign to undermine any opposition.

Tenants opposed to the transfer were sent letters from the council threatening legal action if they entered council blocks "for the purpose of distributing leaflets".

The quick re-ballot saw a much reduced turnout (55% against 68%) but the council got the result they wanted.

Politicians from all parties should be ashamed!