

Why is the council talking about selling off its housing stock and services?

A critical look at the choices facing council tenants

Oxford City Council says it is carrying out its 'biggest ever housing consultation'.

A full colour A3 newsletter, *Your Home, Your Future, Your Choice*, has been produced to keep tenants informed about the 'council's options for better homes'. There is talk of a new 'Oxford Standard' which would improve housing beyond the minimum requirements.

What's going on? Is this really the

'We've had seven years of Labour government and over 20 years of Labour running the City Council. Almost half of Oxford's council housing still fails to meet the Decent Homes Standard ... Now we're supposed to believe the same council, with new solutions such as transfer and ALMOs provided by the same government, will sort out these problems ...'

same council that is struggling to meet the 'fairly basic' Decent Homes Standard, where the service provided by the repairs and maintenance department, Oxford Building Solutions (OBS), is often extremely poor and has recently been cut back?

As for consulting tenants, didn't the council disband the Tenants' Area Forums just six months ago because, it was rumoured, they contained too many dissenting voices?

And why are there so many different

options on offer? Surely bringing up the standard of council homes should just be a simple matter of investing the necessary resources?

In spite of the tens of thousands of words the council has written about the options for tenants in its newsletters, there are still plenty of questions that remain unanswered. IWCA activist and housing adviser Maurice Leen answers some of these and explains how the recent manoeuvres by Oxford City Council are designed to fulfil the government's agenda for privatising council housing.

Why is the council conducting the stock options appraisal process?

All local authorities are required to conduct a 'stock options appraisal' to work out what they need to do to meet the government's Decent Homes Standard and decide how they are going to achieve this.

Labour's 2001 election manifesto made a commitment to bring all council housing up to minimum standards by 2010. The catch was that most local authorities would require external finance to do this and the government only gave them three options to obtain this: transfer of the council housing stock to a housing association, setting up an Arms Length Management Organisation (ALMO), or signing up to a Private Finance Initiative (PFI) deal. Retaining council housing would mean no extra money.

Why can't the government just provide funding to meet the Decent Homes Standard instead of this complicated system of options?

In 2000 New Labour announced its intention to continue Tory efforts to privatise council housing, with the aim of

selling-off the bulk of council housing within a decade. Unfortunately for the government this process required council tenants to vote in favour of transfer to a housing association and, increasingly, they were refusing to do so, preferring to stay with the council. So at the same time the government introduced the Decent Homes Standard and started to promote two new options, PFI and ALMO, in addition to stock transfer.

PFI is basically another form of privatisation and has rarely been used for housing. Arms Length Management Organisations, though, are a kind of halfway house, which New Labour hoped tenants might accept even if they were wary of outright privatisation. And conveniently for the government, tenants will have difficulty resisting these options as neither ALMO or PFI require a ballot (although in Oxford the IWCA has ensured this is required before the council can press ahead with these options—see article overleaf).

What if tenants prefer to remain with the council?

Unfortunately the government has already gone back on its Decent Homes promise. Early last year New Labour Housing Minister Keith Hill said that if tenants didn't choose one of the three new options then they were effectively saying 'no' to the improvement of their homes ('Minister refuses to back down over unpopular transfer policy', *The Guardian*, 28 January 2004).



IWCA activist and housing adviser Maurice Leen addresses unanswered questions about the council's stock options appraisal

Isn't this like blackmailing tenants into choosing some form of privatisation?

Yes. A parliamentary select committee looking into this actually said, 'We believe that the target of achieving Decent Homes in the social housing sector is being used as a Trojan horse by the government in a dogmatic quest to minimise the proportion of housing stock managed by local authorities. The government must put its money where its mouth is and leave it up to tenants to decide who should own and manage their homes,' (Office of the Deputy Prime Minister, *Housing, Planning, Local Government and the Regions Committee: Decent Homes*, 7 May 2004).

Continued overleaf

Overleaf ...

- **IWCA wins council promise to ballot on ALMO or PFI**
- **Democracy and Accountability what the housing choices offer**
- **What the IWCA stands for**

To find out more about the IWCA and/or FACTS, get involved, or let us know about an issue, contact **Maurice Leen on 07733 274 324** or visit www.iwca-oxford.org.uk

Rent guarantee: a promise that council rents will go up

According to Oxford City Council's stock options newsletter, *Your home, Your future, Your choice* (Issue 2, September 2004):

'New government rules mean that rents for similar properties in a similar area have to be brought into line by 2012—whether you rent your home from a council or a housing association like the one proposed in the transfer option. With transfer, the housing association would give you a rent guarantee in the years leading up to 2012, to give added peace of mind.'

What they don't make clear to tenants, however, is that the new government rules actually ensure that *council rents will go up* in order to match rents in other sectors.

Continuing the Tory policy of privatising council housing, New Labour announced in 2000 that it wanted to see council housing stock privatised at a rate of 200,000 a year—taking the majority of council homes out of local authority control within four years (*Housing Green Paper, Quality and Choice: A Decent Home for All*, Department of the Environment, Transport and the Regions, April 2000). By then, after only three years of New Labour government, more local authority housing had been privatised than the Conservatives had managed in the previous 18 years.

However, tenant resistance was mounting. A number of large scale stock transfers—where council estates are hived off wholesale to a registered social landlord—were voted down, most notably in Birmingham with 85,000 council homes.

In order to push council tenants into accepting privatisation the government did two things. First, as an alternative to stock transfer it started to promote the Arms Length Management Organisation (ALMO), potentially a halfway house towards privatisation and crucially not requiring a vote by tenants.

Second, it introduced new rent restructuring rules to rig the playing field even further against council housing.

Far from seeking to protect council tenants by preventing housing associations from charging more than councils the government is simply forcing councils to charge more, thereby bringing them into line with other social housing providers.

This could mean large rent hikes since housing associations are also under pressure to raise rent levels. This is because lenders use them to assess their credit-worthiness, which will determine the rate on loans for improvements.

When the government announced its intention to change the rules in 2000 rents were 20% higher for housing association properties than local authority homes (*Housing Green Paper*, April 2000). Under the new rent restructuring guidelines councils will have to increase their rents to match those of registered social landlords by 2012. Oxford City Council has already taken steps to implement this.

So it's true that if the government sticks to its plans then council tenancies will eventually be no cheaper than renting from a housing association. However, seven years is a long time and by 2012 the political situation could change.

In fact, as the next general election approaches, the government has already decided to delay the required increase in council rents until April 2006. According to *Inside Housing* magazine Tony Blair intervened personally to 'stop tenants deserting the Labour Party en masse' ('Blair ordered rent rise halt', 3 December 2004).

No doubt it will be back to business as usual after the election. However, if tenants register their opposition to New Labour's plans to privatise council housing, through the Labour council's consultation process and also through the ballot box then they may force the government to rethink permanently.

About FACTS

The Fight Against Council Transfers and Sell-offs campaign has been launched by the Independent Working Class Association (IWCA) in response to Oxford City Council's Stock Options Appraisal—the process that will determine the fate of council housing in the city.

The council says that it is consulting tenants to find out which option they want. However, the experience of council tenants in many other parts of the country suggests that when alternatives to local authority housing are proposed, things are unlikely to be that straightforward.

In order to decide what is the best option it is vital tenants have access to all the relevant information. Don't rely solely on the council to keep you informed—the obligations it has towards central government as well as the political views of the councillors who run it may mean it favours one or more of the options. Even the 'Independent Tenants' Advisor' may not be entirely impartial—while they are supposed to give independent advice they are, after all, paid by the council.

The articles here paint a slightly different picture to that of the council's stock options newsletter: *Your Home, Your Future, Your Choice*. Some of the crucial facts about ALMOs, security of tenure rights and rent levels have been left out of the council literature.

If, after weighing up the pros and cons, tenants decide they would prefer to stick with council housing then they may find themselves facing stiff opposition. The government is openly in favour of taking the management and ownership of social housing out of local authority control and the Labour-dominated city council is unlikely to go against Labour government policy.

Last year IWCA councillor Stuart Craft submitted a motion to the council calling on it to ensure that any ballot on the future of council housing would be fair, with equal opportunities for those in favour and those against to present their views and talk to voting tenants. This was rejected by Labour and the Lib Dems—hardly an encouraging sign for those hoping they will be given a fair say in deciding what happens to their homes.

All this means that it may not be enough for tenants simply to wait for a vote on their preferred option. To retain council housing it will probably be necessary to campaign heavily to make sure that all those participating in the ballot are fully informed and get to hear different points of view.

And even if tenants decide that an ALMO, PFI or transfer to a housing association is in their best interest then it is still important to ensure that promises made by the council are kept and that the appropriate safeguards are put in place.

To get involved in the FACTS campaign contact Maurice Leen on: **07733 274 324**.

While this newsletter will be mainly of interest to council tenants, others will clearly be affected by the outcome of the stock options appraisal process—in particular leaseholders, and those renting privately or from housing associations in areas with significant amounts of local authority housing.

But if council housing is too expensive for the government to provide then perhaps it's better if this is done with private money?

In fact there is no evidence to suggest that financing council housing is a problem. On the contrary, when rents and the cost of maintenance and repairs are taken into account, council housing in England alone actually generates a surplus of £1.5 billion a year, which goes into government coffers. On top of this, a further £0.55 billion goes to the government each year from sales under the Right to Buy scheme.

In all, since 1990 the government has taken £13 billion out of council Housing Revenue Accounts, which goes a long way towards explaining the £19 billion backlog of repairs and improvements required to meet the Decent Homes Standard (*The Case for the 'Fourth Option' for Council Housing*, Report by the House of Commons Council Housing Group, June 2004). On the other hand, stock transfers, ALMOs and PFI cost millions in administration and consultants' fees.

So what will the options mean?

Stock transfer will mean that council properties will be owned and run by a large housing association, in a similar way to other housing association homes in Oxford. With an ALMO the

council will transfer the management of its housing stock to a 'not-for-profit' body. However, just because it is not-for-profit doesn't mean the chief executive and other board members won't be paid whopping salaries.

PFI is an old idea developed by the Tories and used, controversially, by the current government for many public sector projects such as hospitals and schools. Under the scheme selected council housing services are sold to a private company which then provides the services to the council for a fee. Tenants could be paying extra for this for years to come. One of the ideas behind PFI is to take advantage of efficiencies in the private sector—but there is no evidence to prove that private companies will be more efficient than the council, especially as they have to make a profit on top of providing the service.

Could transfer to a housing association mean a loss of tenancy rights?

The council has said that Secure tenancies would be replaced by new Assured tenancies drawn up to protect tenants' rights. This remains to be seen. However, it's clear that certain legal rights would certainly be lost if tenants transferred to a housing association, for instance the right to remedies such as judicial review.

Any enhanced protection would also only apply to existing tenants. New residents taken on after the transfer

would be treated in the same way as current housing association tenants.

Will an ALMO mean we retain more control over our housing?

Much has been made of the fact that an ALMO board would include tenant representatives, even if these are in a minority (one third of the board members). We would probably be much more positive about this option if this was the whole story, but unfortunately things aren't quite that simple. Under company law the tenants on the board are required to represent the organisation rather than other tenants. This has been borne out in practice with existing ALMOs.

And whatever the benefits of ALMOs may be compared to transfer to a housing association, tenants may not have the chance to enjoy them for long. Critics have long suggested that ALMOs are a halfway house to privatisation. Recently evidence has come to light to show that this is indeed the case. Westminster ALMO ran out of money two years after it was introduced and tenants on two large estates were told their homes must be sold off if they wanted the promised improvements. In Hillingdon, now managed by an ALMO, 500 empty homes are being fully privatised without a ballot in a process called 'trickle-transfer'. New government proposals have also suggested that when five-year ALMO contracts come to an end the ALMO itself could

take over ownership of the council homes in the same manner as a housing association.

Why is the council now talking about a 'mix' of options tailored for specific estates?

It may make sense to provide different solutions for estates in different situations. On the other hand the motive here could be divide-and-rule. When 94,000 council tenants in Birmingham voted against transfer to a housing association in 2002 a host of New Labour politicians and housing experts immediately started talking about holding transfer ballots on individual estates—in other words to pick the areas resistant to privatisation off one-by-one. Oxford City Council's suggestion of a 'mix' of options sounds suspiciously similar. If a number of estates can be persuaded to choose transfer, ALMO or PFI options the remaining estates will find it harder to stay with the council, especially as it will no doubt be claimed that the remaining areas of council housing are too small to be viable.

Where does the new 'Oxford Standard' fit in?

The council has been asking tenants if they want a higher standard than Decent Homes introduced in Oxford. If the choice is offered then who is going to say no to this, especially if they have had to wait for improvements for years? However, there are no guarantees that any of this will ever be provided and in

any case it won't come for free. Tenants are being told that the 'Oxford Standard' is unattainable unless council homes are transferred to a housing association but once this is done the council won't be responsible for achieving the standard any more—it will be down to the housing association. The only way the housing association can meet the standard will be by borrowing £69 million. This will of course have to be paid back. How is this going to be done if not by increasing rents?

So what are the chances of the council delivering 'better homes and services' as it is promising?

We should be wary of holding out too much hope. After all, whose fault is it that council housing in the city isn't up to scratch? We've had seven years of Labour government and over 20 years of Labour running the city council. Almost half of Oxford's council housing still fails to meet the Decent Homes Standard. The repairs service is widely complained about—according to the Audit Commission the council's performance in getting both urgent and non-urgent repairs done is in the bottom 25% nationally. Now we are supposed to believe that the same Labour council, with new solutions such as transfer and ALMOs provided by the same government, will sort out these problems. If they were really interested in improving council housing then why haven't they done it before?

Democracy and accountability

How much say will tenants get over the way their housing is run?

Much of the information provided on the different housing options concentrates on the services and facilities tenants will receive and how much they will have to pay for these. Another crucial issue is how much say tenants will have over the running of these services. For instance, how easy will it be to ensure that a housing provider is carrying out repairs and maintenance promptly or taking action to deal with antisocial behaviour?

A brief glance at different housing types in Oxford suggests that whichever option tenants choose for the management and ownership of their housing the situation will be far from perfect, at least in the near future.

IWCA campaigns in Blackbird Leys, Wood Farm and Town Furze have shown that, whatever the system, it is possible for tenants to influence the way their housing provider operates.

Housing associations have been pressed to take concerns about antisocial behaviour more seriously and eventually evict hardcore problem tenants, including a number of class-A drug dealers. The council has been forced to carry out badly needed repairs on several occasions after its deficiencies were exposed in local newsletters or the press.

However, the precise amount of power tenants will have to ensure their housing services are up to scratch will depend on the option they choose.

Transfer to a housing association Housing associations vary considerably in terms of the extent of tenant participation but in general this is limited. Some associations have tenant members on the management board but not all by any means. Furthermore, the role of these board members is not to represent tenants, as might be assumed, but to represent the overall interests of the housing association, in accordance with company law and set out in *The Housing Corporation Regulatory Code*.

The Audit Commission has specifically criticised councils for mis-selling the role of tenant representatives on housing association boards at the time of transfer ballots.

The current tendency for social landlords to merge or be taken over also means that any structures for tenant involvement could easily change within a short space of time after transfer.

ALMOs Arms Length Management Organisations are required to have tenants making up 1/3 of board members, along with 1/3 councillors and 1/3 'independent' advisers. The latter group can consist of housing professionals (who may actually work for housing associations) and local business people.

Although tenant members must be elected there is no such requirement for the other members of the board—so the councillors and 'independents' can be appointed by the ruling group on the council as it sees fit. As with housing associations, tenant board members are not legally supposed to be actually representing other tenants.

If the ALMO is later transferred to a housing association or changes its status to become a housing association itself then there will no longer be any obligation to include tenant representatives or councillors on the board.

Stay with the council With the council as the landlord tenants have the opportunity to democratically

elect those in charge—the councillors.

In theory at least; in practice if all the main parties are saying the same thing then tenants have no real choices. Nationally New Labour is pushing the privatisation of council housing, and it was the Conservative's idea in the first place. Locally, in different parts of country the Lib Dems have enthusiastically pushed through transfers or opposed them depending on whether they are in power or in opposition.

This dilemma faces working class people in general and is the reason the IWCA was set up—to have a working class organisation dedicated to fighting for working class interests.

If tenants in Oxford decide to stay with the council then this will probably be because of the drawbacks and concerns over the other options rather than because the council has a great record on housing provision. For far too long the only real choice for working class voters has been Labour, which has increasingly abandoned us.

This *can* change, however, if tenants and working class people in general work towards greater self-organisation and put up their own candidates in opposition to the mainstream parties.

Tenant participation in council housing provision leaves a lot to be desired at present but the council's structures are flexible if there is a will to change them, both from councillors who are genuinely on the side of tenants and from informed and active tenants themselves.

In terms of accountability, staying with the council probably offers the best option. As an arm of government the council is required to provide certain information and consult with tenants (even if it doesn't necessarily have to listen).

PFI There aren't many examples of PFI in housing provision to look at but other areas such as hospitals and schools suggest that this option provides the least scope for participation and accountability. In fact, offloading responsibility seems to be the whole point of hiving off council services to a private company.

Private firms are not known for being democratic or for willingly providing information about the way they work and if there is a profit to be made we can be sure this will be the number one priority, with tenants' interests coming a poor second.

Finally it's important to remember that whichever option tenants choose the IWCA will back them in trying to ensure that their housing provider becomes more accountable and consults them more effectively.

IWCA ensures ballot will decide ALMO or PFI

IWCA COUNCILLOR Stuart Craft managed to get a crucial amendment passed by the city council in September 2003 that ensures council tenants will have the final say on any plans to transfer the management of council housing out of local authority control.

While the council has to ballot tenants if the ownership of housing stock is transferred to another body such as a housing association, there is no legal requirement for tenants to vote on other options such as PFI or ALMO.

As a result of the IWCA's intervention the council is now committed to holding a ballot for these options as well.

A new voice for Oxford's working class

After winning two new seats on the city council in June last year, the Independent Working Class Association (IWCA) now represents three wards in Oxford: Blackbird Leys, Northfield Brook (Greater Leys) and Churchill—once Labour strongholds.

The IWCA was formed to address the widespread feeling that working class people no longer have any genuine political representation now that New Labour has abandoned its former constituency.

Four years ago in Blackbird Leys the IWCA conducted its first survey to determine residents' concerns. Top of the list was crack-cocaine and heroin dealing so a high-profile campaign was initiated, attracting widespread attention from the local press, radio and TV. Significantly, the problem of hard drug dealing had been persistently ignored by Labour and the other political parties, despite this being the main issue on the estate.

The IWCA's success in tackling drug dealing, as well as our work on other issues such as antisocial behaviour, housing maintenance, rubbish clearance and parking, led to the winning of our first council seat, for Greater Leys, in May 2002. Two years later a seat was won in the neighbouring Blackbird Leys ward.

The IWCA branch in Churchill, which includes the working class estates of Wood Farm and Town Furze, had been up and running for just over a year when the IWCA candidate beat the Labour incumbent in the 2004 election. People in the ward had become increasingly disillusioned with the Labour councillors who appeared to be doing nothing about the most pressing local problems—antisocial behaviour, deterioration of the local environment and the severe lack of youth provision.

We are now working to address these issues—through campaigns on the ground, at area committee meetings and in the council chamber.

The organisation has also campaigned against New Labour's decision last year to cut the repairs service for council tenants (in effect a rent rise through the back door) and we have opposed any attempts to privatise council housing or foist new management structures such as Arms Length Management Organisations (ALMOs) on tenants against their will, resulting in the current FACTS campaign.



Taking back their communities: the three Oxford IWCA councillors (left to right: Stuart Craft, Lee Cole and Claire Kent) out campaigning in Wood Farm.

Working Class Rule in Working Class Areas!

For the first time in a hundred years the working class is without a voice, without influence, without political representation. The IWCA is a working class organisation independent of any existing political party. Our purpose is to give the working class the opportunity to directly influence the political decisions that affect us all. With New Labour intent on continuing the Conservative attack on working class communities it is clear that we must now organise ourselves in our own interests. If we fail to do this no one else will do it for us.

Get in touch with the Independent Working Class Association

- I would like to find out more about the IWCA
- I would like to make a financial contribution to the IWCA (please make cheques payable to 'IWCA' or visit our website to donate by credit card)
- I would like to join the IWCA

Name: _____ Address: _____
 _____ Email: _____ Tel: _____

Send to BM Box IWCA, London WC1N 3XX. For further information visit www.iwca.info, telephone 07000 752 752, or email enquiries@iwca.info