

DEFEND EDINBURGH'S HOUSING

Broken promises of housing sell-offs

Edinburgh Council is spending thousands and thousands of pounds of YOUR money to convince you to privatise your housing.

They say this is the only way to get rid of their debts and to improve your housing. But the facts are quite different.

Council tenants in Dundee, Aberdeen and even Prime Minister Tony Blair's constituency of Sedgefield have all voted 'No' to housing stock transfer.

In Glasgow they voted 'Yes' but a recent survey shows most tenants now have no confidence in their new landlord, mainly because of broken promises like,

- A new rent review after just three years when they were promised no rises for 10 years.
- More money spent on management that repairs, maintenance and investment put together
- At £161,000 a year, the boss of the new Housing



Vote NO to housing transfer

Association gets £61,000 more than the council's head of Housing got and £30,000 more than the First Minister.

The Council will ask you to vote on a 'Business Plan' the size of a small telephone directory. Most people will not have read this and those of us that do will struggle to understand the jargon.

But don't let that worry you. The business plan only

matters on day one. After that it can be changed and in most other stock transfers it has changed, breaking promises along the way.

The simple fact is that once houses are transferred to the housing association, **THEY CAN NEVER COME BACK TO THE COUNCIL.**

Yet the only real information tenants are getting to make this huge decision is

the Council's one-sided glossy campaign materials urging you to vote 'Yes'.

In this bulletin we will give you the facts the Council is not giving you.

Most Edinburgh tenants admit that they do not know enough information to make this momentous decision.

That is one of the reasons why UNISON is saying, **"If you don't know, then vote NO"**.

WHAT'S THE PROBLEM WITH PRIVATISATION?

£2 BILLION GIFT?

The council promise us a £2 billion present if we vote for transfer. But they are not telling us that £1.3 billion of that is loans from private banks who demand higher interest rates - rates your rent money will have to pay for.

Brian Dillon, tenant

RENT GUARANTEE?

...increases in major repair costs will reduce the amount of repair work that can be carried out, unless there is a relaxation of the rent increase condition.

David Orr, Chief Executive Scottish Federation of Housing Associations

AGAINST ALL EVIDENCE



Against all evidence that direct investment would be cheaper and deliver faster improvements, tenants, councils

and housing workers are marched down the route of stock transfer against their wishes.

Dave Prentis, UNISON General Secretary

There is an alternative: MPs call for level playing field

A report by the House of Commons Council Housing Group has called for councils to get the same rights to borrow whether stock is transferred or not.

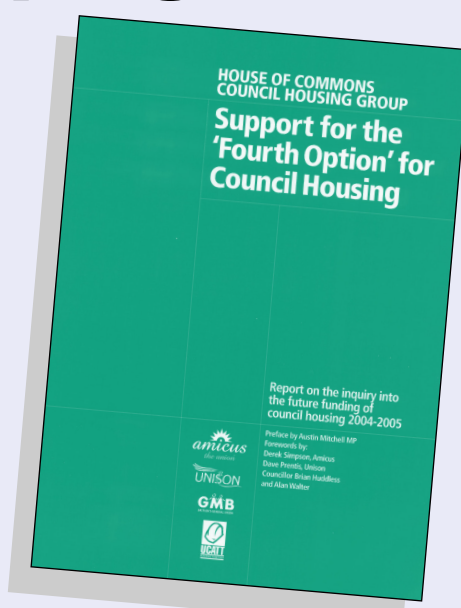
And just last month, the Labour Party Conference called for the Government to allow the so-called 'fourth option' of direct council funding.

Sponsored by four trade unions, including UNISON, the report makes nine recommendations including calls on the government to:-

- Give real choice through a level playing field and a fair and

balanced debate before tenants choose.

- Write off historic debt or take over maintaining it.
- Let councils use the Prudential Borrowing initiative to invest in housing without having to sell it off.
- Ensure any planned change of landlord is 'tenant led' and not 'council led' like in Edinburgh.
- Give tenants material with BOTH sides of the debate and do not instruct council staff to selectively take material to areas opposing transfer - both of which have been a problem in Edinburgh.



www.support4councilhousing.org.uk/report/

Inside this issue

- It's been done before and look what happened
- What's happening to the ballot?
- Council 'rushing to ballot' before issues understood
- The Business Plan Time-Bomb
- Your local Housing Association?
- Tenants in Tony Blair's constituency vote NO

6 reasons to vote NO

1 It is Privatisation:

Stock transfer of council housing is privatisation. The private landlord does not have to keep promises made at the time of transfer.

2 It doesn't deliver the promised improvements:

All over the country tenants find that the promised improvements are slow in coming. Glasgow hasn't built a single new house yet. The Edinburgh plan depends on future funding bids for major projects. Bathrooms and kitchens won't come tomorrow. The Edinburgh plan puts most of the repairs and improvement money into the first year to give a good impression. **But five years on the money is halved - at today's prices!**

3 Rents do get higher:

Non-Council rents tend to be higher than councils - 17 per cent on average. Other service charges push up costs, as tenants are forced to pay for the higher cost of borrowing and repairs. Stock Transfer promises only make rent guarantees for five years after transfer. The National Audit Office found that 17% of transfer associations had broken rent guarantees anyway. (source www.defendcouncilhousing.org.uk).

4 It's a Waste of Money:

Stock transfer is not a good use of public money. Evidence from England shows that where local authorities invest directly into their housing stock the decent homes standard is being achieved faster than through stock transfer or other sell-offs.

There are also other savings. Councils can borrow more cheaply and don't pay VAT. In Glasgow around £100 million extra was allocated for VAT payments while £13 million was spent on feasibility studies. This is all extra money that could have gone to repairs and investment.

The Public Accounts Committee (July 2003) says, "the additional cost of renovating social housing through transfer, rather than retention by local authorities, is at least £1,300 per home. The extra bill for the taxpayer amounts to billions of pounds."

5 They're Unaccountable:

Councils have their faults but at least you can vote out your councillor or complain to them about repairs.

You can't vote out your private landlord!

Yes there will be tenants' reps on the new association - but only six out of the 16 strong board. They can always be outvoted.

6 You can't go back:

Once you have voted to leave the council, your housing can never come back to council control. You are the tenant of a private company.

While councillors will say that the Housing Association is accountable, the reality is they will have no control over it. The example of the arms-length *Edinburgh Leisure* which runs most of Edinburgh's sports and swim facilities demonstrates the problem. When you complain to Edinburgh Leisure they say the council isn't giving them enough money. When you complain to the council they say it's a decision for Edinburgh Leisure!

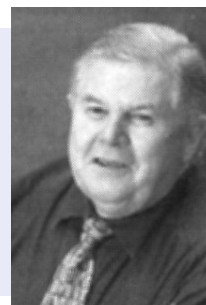
It's been done before in Edinburgh ... and look what happened

There have been partial transfers in Edinburgh before and some of the lessons there should ring warnings about the current plans.

Capital City Homes (now part of the huge *Places for People* faced controversy when plans for a land gift from the council to build house as more expensive 'market rents' came to light.

Tenants on the board were gagged because they were bound by commercial confidentiality. What happens if tenant board members are unhappy with CEHA? They are likely to be

..tenants should check the practical experiences of Edinburgh tenants who have already transferred



have already transferred to the *Home Group* about broken promises, about problems with improvements, repairs and maintenance.

"As owners who have put up cash for improvements and are

being asked for more if they are satisfied with the work being done (or not done!) to their homes.

"Then judge for yourself the value of 'promises and 'guarantees'

"Also remember, once transferred, there is no way back", added George.

gagged in the same way because it is for all commercial purposes a private company.

Writing in *Tenants Voice* this year, George McKie, the respected convenor of Edinburgh Tenants Federation said,

"Concerned tenants should also check the practical experiences of Edinburgh tenants who

Why do they want to privatise our houses?

The government says is prepared to write off Edinburgh's £300million housing debt. But only if it transfers its housing to a private landlord.

It will then allow the new housing association to borrow about £2billion to invest in housing.

Strangely, however, the government will not write off the debt and will not allow councils to borrow to invest if the houses are not sold off!

This has often been referred to as 'black-mail' and tenants in many councils around the country have voted NO to the transfers.

Where they have voted yes, they are often regretting it as you will see from stories in this bulletin.

In Edinburgh, each house would be sold off at about £495!

The crazy thing is that if councils were allowed to borrow to invest themselves they could do it cheaper.

They get cheaper loans than the private sector. The Public Accounts Committee confirms that councils can renovate houses at



about £1,300 each cheaper.

When your house transfers, you bear the full cost of any problems the Housing Association may hit.

If loans get dearer, either your repairs suf-

fer or your rents go up. If building costs go up (which they will) the same happens.

But there is an alternative. Direct council investment is possible and the pressure is growing from MPs

and within the Labour Party to allow councils the same benefits as the housing associations.

That is why we are urging you to vote NO and keep housing public.

What's happening with the ballot?

As this broadsheet goes to press, the council is still saying the ballot will happen before Christmas. It is most likely to be in November

- By now you should have received the Stage 1 Notice which will outline the business plan. You are meant to be able to comment on this but there is no need to pay attention to what you say since the business plan has already been approved by the council and the Scottish Executive.

- Before the ballot you should get a Stage 2 Notice when the ballot paper comes out. **Make sure you vote!**

Council 'rushing to ballot before people understand consequences'

As well as criticising the business plan, residents have also accused the council of rushing through an early ballot on housing sell-off.

They say the ballot date in November is too soon to allow

tenants to look at the proposals properly.

Jenni Marrow, a member of Edinburgh Against Stock Transfer (EAST) and a resident of Pennywell Court, said:

"The problem with the business plan is the lack of financial

details including the cost of the demolition, the cost of the new development and how the housing association will meet those.

"This is privatisation of the council houses and while rent may be tied to inflation for five years, there is nothing to stop it

going up after that or to stop service charges being increased.

"It is a disgrace that the Scottish Executive are saying people are not entitled to these improvements unless they hand over control to a private company and it seems clear the council

is rushing to hold this ballot before people understand the real consequences of the transfer."

Campaigners are angry that tenants are being "bribed" to give up their rights to affordable social housing when other investment options are available.

Independent report exposes holes in plan

A report by the independent Tenants Information Service (TIS) confirms many of the fears tenants across Edinburgh have expressed.

While it states that some of the City of Edinburgh Housing Association (CEHA) plan is realistic, it exposes huge problem areas like:-

- The new landlord does not have actually have the 'promised' money for the major demolitions and improvements to the Fort, Pennywell and North Sighthill (only for Gracemount multis demolitions - in the council leader's ward). Instead all this work is dependent on future funding bids.

- Unless CEHA can find £70 million to plug a hole in their finances, rent increases are likely after the 5-year period.

You could be forgiven for thinking there would be no rent rises for five years, when the promise is only for rents to rise at **no more than inflation**. But the report warns "beyond that time CEHA's capacity to continue with that level of rent rises is an aspiration, not a promise".

- The report reckons that predictions of higher rent rises after five years are 'realistic'.

- If tenants move home then their rents will rise.

- The council has over-estimated the income for CEHA. Unrealistic occupancy levels and failing to take into account increased building costs mean that there are further holes in their finances.

- The business plan states that there is an estimated £90 million headroom of expenditure. TIS say that this "has not been demonstrated and is exceedingly insecure."

- CEHA would have to restructure rents. This could be bad for some tenants and good for others, but it is never mentioned in any of the leaflets.

- CEHA expects to reduce staffing costs (e.g. cut jobs) in caretaking, concierge staff and anti-social behaviour staff.

It has to start cutting 'housing management' costs in the very first year if it



The Business Plan Time-Bomb

- 💣 Rent rises kept to inflation - a hope, **not a promise**
- 💣 No money for many major demolitions and improvements. They will depend on future funding bids.
- 💣 No account taken of increased building costs (remember the Scottish Parliament?)
- 💣 Income overestimated.
- 💣 Rents to be 'restructured' and some tenants will pay more if they move.
- 💣 CEHA has to balance books each year: Improvements may have to be cut to keep rent 'promise'. The Business Plan can and probably will change.
- 💣 Housing service staff cuts would have to start right away.

is to keep on target financially.

But, more worryingly, as we report on Page 1, the business plan is only an intention on day one. After that it can change. The report says,

"By its nature a business plan will change, through systematic updating."

It lists the main parts that will change or affect change as:-

- the rent levels
- the amounts which can be borrowed
- interest on the borrowing
- major spending on component replacement in the houses

- improvements to standards in the houses

- day to day repairs

- housing management and related services

- sales under the right to buy.

"It will always be possible to vary these things to ensure viable finances year on year", the report explains.

That could mean there would be less repairs, higher rents and fewer improvements than the business plan promises.

See Tenants Information Service website www.tis.org.uk for more information

Your local housing association?

Tenants are told that the new stock transfer landlord will be local and accountable.



But the trend is towards a few national multi-million pound companies gobbling up the minnows.

Already in Edinburgh we have seen Capital City Homes and Castle Rock/Edinvar become subsidiary companies to the huge Places for People group based in Preston, Lancashire.

Sefton votes No!

Tenants in Sefton, Merseyside have voted against stock transfer on a 68.2% turnout.

The council, which reportedly spent £5.2 million, is furious. It has suspended union representatives who campaigned against transfer, caused a strike and lost millions.



Sedgefield tenants vote No!

Tenants in Tony Blair's Sedgefield constituency voted No on a huge turnout against transfer to Sunderland Housing Group (July 19) despite being subjected to the usual glossy PR campaign involving endless brochures, DVDs and sustained door to door canvassing. The showhome was even recarpeted throughout and they even returfed the lawn! They're doing the same in Edinburgh



No basis for anti-council housing stand

"Listening to what's happening in other parts of the country, if you sent in UN inspectors to observe some of these elections [ballots], they would not find them acceptable. There is no intellectual, rational basis for the government's anti-council housing position..."



Frank Dobson MP

DEFEND EDINBURGH'S HOUSING

**VOTE
NO**

to Housing Stock Transfer

**The council is rushing through a ballot on
privatising our housing.**

**Tenants have had no chance to really hear the
arguments on both sides, so....**

**If you don't know,
then VOTE NO**

**A yes vote means you can never
come back to council housing**

If you agree with us, stick this poster in your window

**P&P by UNISON City of Edinburgh Branch, 23 George IV Bridge Edinburgh EH1 1EN.
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