

# An offer we *can* refuse (Part 1)

The Council is misleading tenants, trying to con them into voting Yes to 'transfer'

*"Tenants need to understand why the local authority is proposing to transfer their housing, but should not feel that the main purpose of the consultation document is to sell the transfer; rather, it should give neutral information. A balanced and informative approach is needed, which provides brief information on all the options that have been considered. "*

## Statutory guidance – consultation before disposal to private landlord

The consultation document on the proposed transfer of Swindon's Council Housing has finally arrived on our doormats. Despite the fact that the government's statutory guidance says that the Council is supposed to provide 'neutral information' the document is a shameless effort to sell the transfer to tenants. It is entirely one-sided. It does not discuss the 'pros' and 'cons' of the two options. It is propaganda designed to try and persuade tenants to vote Yes. The same is true of the DVD that has been sent out with the documents.

The document needs to be read with care. The language is carefully chosen by Council officers. Seemingly working on the assumption that many tenants won't read all of the document the Council has presented some things in the early pages *in a way which is meant to mislead tenants*. For instance, on page 7 it promises:

- "modern kitchens to all homes in the next five years". So we will all get a new kitchen in five years? **NO**. *Nearly half of us already have a modern kitchen so we won't get another one inside five years.*
- "Upgrading all sheltered housing in the next ten years". **NOT TRUE**. As Lead Member Russell Holland has admitted in reply to a question at a Council meeting, "Works will *commence* on the sheltered housing stock to ensure the top priority schemes are fit for purpose over the next ten years". In other words only "priority schemes" will be upgraded in the first ten years – perhaps a quarter of them. The rest will be completed "during the business plan period", that is over 30 years. *So any tenant in a sheltered scheme voting Yes on the basis that all schemes will be "upgraded" in the next ten years would be making a big mistake.* Later on in the document we read promises of what work will be done which are conditional on "where needed", "where required" but of course it does not specify what that means.
- "Without proper investment in non-traditional homes, these properties will deteriorate and could become uninhabitable". **This is nothing other than scaremongering**. The document does have to admit later on that the difference between what the Council could do and what the Housing Association could do, even if you believe the Council's figures, is only a difference of less than 200 homes in ten years.

At the very least the promises for sheltered accommodation fail to abide by the statutory guidance which says that

“The consultation document should enable each tenant to identify the works that will be carried out to his / her home if the transfer goes ahead. ”

Formulations such as “where needed” or “where required” fail to enable each tenant to be clear on what is being promised *for them*.

### **The “Capital receipt”**

The new Housing Association would have to borrow £66 million to buy the homes from the Council. After various deductions, including paying some of it to the government, the Council would have approximately £40 million. There has been some discussion about what they would do with the money, including at a Council meeting. We have been told that the money would be spent in Council housing areas. However, the offer document which constitutes the 'guarantees' to tenants says only that:

“The Council would be able to allocate the remaining approximately £40 million from the sale of its homes to benefit the wider community.”

What this means is that they will not spend the money on housing. As Council tenants we know that all the money we hand over in rent *has to be spent on housing*. This is what they mean when they say the Housing Revenue Account is “ring-fenced”.

One of the attractions to the Tory Council of selling our homes is that they can get round this ring-fencing. *They would in effect be robbing us of our rent* to spend it on things which should be paid for by Council tax payers and not just tenants. Say they spent some of it on roads. Council tenants would in effect be paying twice for the work – once from the Council tax we pay, and also from the rent which the Council would have taken from the sale of our homes to a Housing Association.

In addition the Council has failed to follow the “statutory guidance” (see Part 2) which says that information should be provided on “how the local authority proposes to use any proceeds from the sale”. Allocating the money “to benefit the wider community” hardly clarifies what they are going to do with it.

### **Flogging our houses on the cheap**

Most tenants have been amazed to hear that the Council is prepared to sell our homes for a meagre average of £6,400 each. This is a fraction of the real value. The reason the price is so low is that it is rigged to enable the money the Housing Association wants for its business plan. The price is determined to take account of “the costs of future repairs and improvements”. So the price is not set by any objective criteria, but to suit the transfer 'guarantees' and their 'business plan'.

### **Debt and borrowing**

Up until the final version of the 'offer document' the Council has avoided admitting what the Housing Association debt level associated with the 'transfer' would be. In the final version they

admit that it would be £199 million, though they call it borrowing as compared with the Council's debt. Since a Housing Association is a private landlord it will have to borrow its money from private sources – banks or financial institutions. It will have to do so at a higher rate of interest than the Council can borrow from the government. Interestingly there is no reference at all to interest rates in the document. Could this be because the government has announced that there will be a reduction in the interest rate for borrowing to pay the debt which Swindon will be given as result of the change to the so-called “self-financing” system?

There are risks associated with selling our homes to a housing association. One of them is that the possible worsening of the precarious economic situation we face, nationally and internationally, means that the price of private borrowing could rise considerably. Interest rates are at an historically unprecedented low level. Sooner or later it is likely that they will rise. This would have a greater impact on a Housing Association than it would on the Council, since borrowing money from the government has usually been much cheaper than from private sources. The 'guarantees' of the would be housing association could easily be blown away by a deterioration in the economic situation. That is one reason why we would be safer continuing as Council tenants.

### **Rigging the finances**

The government has tried to rig the finances in favour of transfer. It has set a borrowing limit of £19 million for the Council (over and above the debt it would have to pay to the government) but agreed to allow the would-be Housing Association to borrow more. We have been told that when the Council was in discussion with the government Council officers told them that the extra debt of £145 million did not take account of the high proportion of 'non-traditional' homes which Swindon had. Apparently, the government did not accept this as a valid argument. The proposed £145 million extra debt was 'non-negotiable'.

Yet strangely enough if the Council was prepared to propose a transfer of our housing to a Housing Association, the government would allow the would-be Housing Association to borrow an extra £70 million to take account...of the high level of 'non-traditional' housing and the Council would not have to pay a penny of the 'non-negotiable' debt!

The Conservative administration which runs Swindon Council has failed to challenge either the debt the government wants to impose, nor the borrowing limit which the Council would have. This is despite the fact that these figures will not be finalised by the government until early next year.

### **"A legally binding agreement"**

Can we believe the promises that the Council is making on behalf of a Housing Association which doesn't yet exist? We don't believe so. The Council has said, it's OK, there will be a “legally binding agreement”. But beware - although we get to vote on the offer document it would be a "legally binding agreement" *not with us tenants* but between the Council and the Housing Association. What tenants need to ask themselves is this. What could we do if the would-be Housing Association does not carry out its promises? What power would we have to take them to task? The answer is none. If the promises were not kept our only recourse would be to appeal to the Council

### **An offer we can refuse**

to press the Housing Association to keep its promises. In other words we would have to rely on the Conservative run Council which wants to sell our homes to fight for our interests against a Housing Association on which 3 of their members would sit! They are hardly likely to come to our rescue are they?

### The 'independent' tenant advisor

The Council keeps on insisting that the 'information' they are giving tenants has been checked by the 'independent' tenant advisor, which is supposed to be impartial. What they haven't told tenants is that the Council was so keen to employ DWA that they arranged for a **SHORTLIST OF ONE** company from which they were chosen. One of the pro-sell off tenants on the DVD (see <http://keepyourcouncilhomes.wordpress.com/2011/10/21/the-pro-sell-off-dvd/> ) says that DWA was "chosen by tenants". That's right, some tenants interviewed DWA. It must have been a real cliff-hanger. Who would be chosen, DWA or the other candidate, nobody?

DWA did such a good job for the Council during the 'options appraisal' in 2009 that they were keen to have them back. At that time DWA managed to explain that from the following feedback they concluded that "a minority of tenants were against transfer": against 35%, in favour 22%, some concerns about transfer 43%. How they could have determined which way the 43% would have voted remains a mystery.

During the current ballot process Swindon Tenants Campaign Group had a meeting with the Managing Director of DWA. When we criticised the content of Housing Matters which she had agreed, she told us that the most important thing was the 'offer document'. On the contrary, the material which the Council has put out before the 'offer document' has been part of their campaign for a Yes vote. It has been entirely one sided and has been selling the case for transfer. DWA has allowed the Council to conduct this campaign without serious challenge and has allowed Housing Matters to contain material which has been designed to lead tenants to draw the conclusion that there was no alternative to going over to a Housing Association.

Now tenants should be clear that *it is the Council which is paying DWA* for the work it is doing. He who pays the piper calls the tune, as the old saying goes. And issue 5 of the DWA newsletter masquerading as an "independent newsletter for tenants and leaseholders" does nothing more than repeat the case of the Council for selling off our homes.

DWA has failed another key test. The Director of Housing told the Swindon Advertiser that the No campaign had been told to "withdraw a leaflet" because it was "misleading". Never mind that they couldn't tell us to withdraw a leaflet, in any case they said no such thing. In a phone call DWA's Managing Director confirmed to us that no such thing had been said. We asked her to make a public statement confirming that what the Housing Director had said was untrue. Yet she has refused to do that. How can they be considered to be impartial when they refuse to confirm that a statement made by the Housing Director was not true?

DWA makes its money largely from working for Housing Associations. Its managing director is on the Board of a couple of them. They have a potential interest in the emergence of a new Housing

Association which could well offer them more work. They are neither independent nor impartial. The timing of their fifth newsletter, arriving just before the 'offer document', with its arguments in support of a sell off, showed that DWA was in fact *part of the campaign of the Council for a Yes vote*.

**{Continued in Part 2}**

Martin Wicks

**Swindon Tenants Campaign Group**

Visit our website at <http://keepyourcouncilhomes.wordpress.com>