

Swindon Tenants Campaign Group

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Campaign Group News February 2017

Stop the raid on housing account income

Swindon Council's ruling group is proposing to "appropriate" assets from the Housing Revenue Account (HRA), i.e. transfer them to the General Fund in which the council tax is kept. *The HRA will lose £1.3 million a year income from garages and shops.* Whilst there will be a transfer of some properties from the General Fund into the HRA, according to the Council's own estimate **the HRA would lose £512,000 a year.**

Faced with a deepening financial crisis of the General Fund the council has been scrabbling around for money to fill the growing hole in its finances. This is one means of doing so **but at the expense of the HRA and tenants.**

The October Cabinet meeting said that the exchange of assets between the two accounts would provide "a fair and balanced outcome". That would only be true if the HRA did not lose any revenue. The administration is proposing to take money out of the HRA at a time when it is losing income as a result of government policies. The four year 1% a year rent cut alone is estimated to mean £22 million less income than originally planned for.

The HRA is being starved of funds as a result of central government policies. Yet the Council is prepared to take even more money out of it in order to fill the growing gap in spending in the General Fund.

Trying to con tenants with misleading information

Their so-called 'consultation' was a not very subtle attempt to con tenants into supporting the transfer of assets with misleading information. The questionnaire they produced neglected to mention the £1.3 million income loss and implied that the transfer will benefit the HRA 'in the long run'. They provided not a scrap of evidence to support this.

The administration even tried to smuggle the change through without a consultation prior to a Cabinet decision. The tenants on the Housing Advisory Forum had to demand a special meeting to discuss the issue. At that meeting the HAF called on the Council to withdraw its proposal.

Tenants should be under no illusion. The Council is trying to use HRA income to bolster the General Fund. The financial crisis which the Council faces, whilst the result of central government cuts, is also the responsibility of the ruling group because of its 6 year council tax freeze. Now they are imposing parishes on the town **without any democratic mandate** whatsoever and we will have a parish precept to pay as well as Council Tax.

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Treat claimants with respect

A number of Council tenants have raised with us some issues relating to the way that they are treated by the Department of Work & Pensions. In the space here we take up just one issue and will return to others later. We'll look at how Universal Credit affects tenants in a separate newsletter.

It seems that the DWP office does not provide a toilet for claimants. Exactly what are people who have a medical problem supposed to do? Run out of the building to find the nearest facilities and then return to their interview? This is symptomatic of the way that claimants are treated in an inhumane fashion as if they are all 'skivers'. All other public offices provide facilities, why doesn't the DWP? We have written to the manager of the office calling for the provision of toilets for claimants. Why don't you do the same? If you get a response please let us know. Write to:

**The Manager, DWP, Spring Gardens House,
Princess Street, Swindon SN1 2HP.**

Swindon Tenants Campaign Group is calling for the proposed transfer of assets to be withdrawn. Far from producing “a fair and balanced outcome” it will be detrimental to the HRA and tenants. The loss of income will mean a cut in spending on the upkeep of our homes.

Note:

The questionnaire the council sent out was confusing. Last year they put forward three options in relation to the funding: cover the spending gap by using reserves, suspend the £5 million annual debt payment, or a combination of the two. They asked people to tick a box showing their preference. Yet this year they gave people the option of agree/disagree with each of them. Reports tell us this caused confusion.

The Council did not send out the questionnaire to all tenants. It just sent it out to people on the Housing Sounding Board, there was a brief article in the Advertiser and some were delivered in sheltered accommodation. **Altogether only 309 people responded to the questionnaire.** Nearly a quarter of them didn't express an opinion about the transfer of assets and some complained that the council had not provided them with enough information for them to register an opinion.

“The case for cancelling council housing debt”

STCG has produced a 20 page pamphlet, *The Case for cancelling council housing debt*. In 2012 when a new council housing finance system was introduced councils were given extra debt, the level of which was based on an assessment of how much income they would take in over 30 years. Since then coalition and Tory government policies have meant that councils are *taking in much less rent income than was planned for in 2012*.

This is because of changes in the rent formula which councils have to apply, an increase in RTB discounts and the 1% rent cut imposed for four years. On present projections over the remaining 26 years of the council's housing business plan it would take in **£362 million less** than planned for in 2012.

The 'debt' which Swindon and other councils were given was not the result of actual borrowing but of 'creative accounting' by the Treasury,

fleeing tenants.

Cancelling this bogus debt would provide councils with the resources to maintain the Decent Homes Standard. In the case of Swindon it would mean that it would be able to keep around £9 million a year which it currently spends servicing this 'debt'.

The pamphlet is just £1. Email us for payment details.

Right to Buy Receipts – central government robbery

STCG believes that Right to Buy should be abandoned. It is worsening the housing crisis. However, so long as it exists then Councils should be able to keep all the sales receipts and use them to build new homes. Yet the government which used to talk about giving power back to the localities has imposed restrictions on how councils can use these receipts.

Swindon and other councils only get to keep around 50% of the receipts. That's bad enough but the government places restrictions on how they can use the receipts. Councils are only allowed to cover 30% of the cost of building new homes with RTB receipts. That means they have to find 70% either from existing resources or through new borrowing. This obviously means they can build less than they would otherwise do if they had full control of receipts.

This was recently discussed at the council's Housing Advisory Forum. The Lead Member responsible for housing agreed to pursue this issue with the Local Government Association (the organisation of local authorities). The LGA, even with a Tory majority, has called for councils to be able to be able to keep 100% of receipts and spend them as they see fit.

The number of council homes in Swindon has fallen from 10,515 in 2011/12 to 10,265 in December 2016. The coalition government introduced an 'enhanced' RTB, increasing the discounts available. As a result there has been a big increase in sales. In the four years before the changes Swindon only sold 46 homes. In the last four years 216 have been sold. The council stock numbers will fall further if the government pushes through its proposal to force councils to sell 'higher value' council homes when they become vacant, in order to pay for the introduction of RTB into the housing association sector.