London’s Haringey Labour council launches £2 billion privatisation

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Labour councillors in the impoverished London borough of Haringey are pushing forward with plans to place £2 billion of public property into private hands.

To be finalised in April, the scheme will place the whole of Haringey’s public finances at risk, see thousands of council tenants thrown out of their homes and increase already unaffordable house prices in the borough. These events are a reflection of London’s ongoing process of social cleansing, in connection with the wholesale destruction of social and genuinely affordable housing to make way for high-value developments.

Haringey’s privatisation marks a new stage, whereby UK local authorities themselves—and all of the services they provide—are placed under private direction. Above all, the situation in Haringey is a vital political lesson in the pro-capitalist character of the Labour Party.

The driving force behind the privatisation programme is the leader of Haringey Council, Labour councillor Claire Kober. She intends to establish a “Haringey Development Vehicle” (HDV), a private company half owned by the Council and half by a private developer. The Council will put up land to secure its share, which the developer will match with equity. The Council’s assets will be transferred to the HDV on long leases for a 20-year period.

To decide which developer Haringey Council would partner with, Kober was flown to a high-flying property fair at Cannes in France to discuss with various bidders. A shortlist was drawn up which includes Lendlease; Morgan Sindall with Affinity Sutton and Circle; Pinnacle with Starwood Capital and Catalyst.

Two of these corporations—Lendlease and Starwood—are represented by a lobbying group that has wined and dined Kober and her heads of housing no less than 13 times. A spokesman for the Council, when asked if the HDV had been discussed at these lunches, responded: “It is impossible to account for all of the conversations that took place at these events which involved a large number of people who are not from Haringey including London borough leaders and GLA representatives.”

The immensely rich surroundings in which Kober and her administration made their decisions could not be further divorced from the life experience of Haringey’s working class residents. The borough has the fourth-highest landlord eviction and overcrowding rates in London, the second-highest rate of families housed in temporary accommodation, above average homelessness rates for the capital and one of the highest rates of out-of-work benefits recipients—according to the London Poverty Profile of 2015.

There has not been the slightest democratic pretense at giving voice to the interests of working class people. In fact, most residents of Haringey’s Council housing estates slated for destruction under the HDV are entirely unaware of what is being planned. This is something Haringey Council’s own consultants admit, but intend to do nothing about.

What information has been gained from the Council regarding the HDV has provoked an overwhelmingly hostile response. A number of demonstrations have been held protesting the plans. The Haringey Defend Council Housing organisation has described it as an “absolutely terrible policy”, continuing, “The whole plan is about increasing house prices. It’s morally wrong. They [the Labour Council] should stop doing the Tories’ dirty work.”

In response, Kober falsely claimed in the *Guardian*, “Whatever you want to call what we’re doing, it’s not privatisation.” According to Kober, HDV is a route to

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5,000 new homes and thousands of new jobs in the next 20 years. She said in the same article, “A council like Haringey could never borrow the money or recruit the talent to build on this land at the scale and pace that’s needed. So, rather than sell it to private developers and hope for the best, we’re bringing in the investment and skills from a private partner while retaining a 50% control...”

This is a miserable cover-up. There are no plans to build social housing under the HDV, only so-called “affordable” housing. As is well known, “affordable” prices are defined as up to 80 percent of the market rate. This is already unaffordably high for many Haringey residents and will be driven yet higher by the new HDV builds which—if previously approved redevelopments are an indication—will be tailored to the very rich. These previous projects include the sale of Hornsey Town Hall to Far East Consortium International Ltd (FEC), despite the opposition of over 99 percent of locals consulted. The building was renovated into a luxury hotel with just four affordable units.

As for Kober’s suggestion that the involvement of private interests is harmless—and even beneficial—this is indicative of the programme of the Labour Party, which supports big business.

The door has been opened to private, for-profit involvement in local authority affairs on an unprecedented scale. Haringey Council, under the HDV, will be as responsible for providing a profitable return to the private developer as it is for providing for its residents. Given that the leaders of Haringey Council are closely intertwined with big business, it is clear which of these commitments will be given priority. This is a process taking place throughout the public sector in Britain and internationally.

The motivations of big business in this area are made clear by recent analysis from Bilfinger GVA, which showed that the fastest rate of economic growth is happening outside of central London. According to their research, the combination of major regeneration projects and access to affordable office space is driving up demand in boroughs like Haringey. In other words, London’s outer boroughs are considered the capital’s next big investment bubble. Private developers are rushing to bulldoze obstacles like social housing in order to secure themselves a slice of the profits.

As the example of Haringey shows, among their most valued accomplices in this effort is the Labour Party. Clearly aware of the serious popular fallout they can expect from their actions, lower-tier Haringey Labour councillors have criticised the course of action taken by Kober and the Council’s leadership.

Whatever their arguments or the course of the debate, these councillors offer only token opposition to Kober’s plan. An examination of their record since 2010 reveals they have voted again and again for massive spending cuts in the borough. Since 2010 to the beginning of 2014, Labour cut £117 million from Haringey’s budget, with many vital services reduced or terminated. A further £70 million reduction is to be imposed by 2018. More than 600 council workers’ jobs are slated to be lost by 2018

What has been imposed by the Labour council in Haringey has been enforced by Labour everywhere, with the party in control of councils in virtually every major urbanised area in London and nationally.

“Left” Labour leader Jeremy Corbyn and his close political ally, shadow Chancellor John McDonnell, have ordered all Labour councils to impose increasingly savage cuts to local authority budgets. Labour-run authorities across the country are enacting cuts with as much callousness and ferocity as Conservative.

Corbyn’s own Islington constituency Labour council has slashed £220 million over the past decade, with plans for a further £70 million in cuts, and has set up a council-run private company, called iCo, to charge for services.

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