From Popular Capitalism to Third Way Modernisation: the example of Leeds

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By 1979, more than a century of tenants' struggles had won England a precious asset of some 5.1 million council homes[1] with tenants awarded Security of Tenure – a low-cost rented home for life. Of course, as Cole argues, the quality of England's public housing 'has always been a variable product…which cannot be put down solely to lack of resources from central government'.[2] Yet, however imperfect, mass public housing was a necessary solution to market failure, and its political and class significance was enormous. Public ownership allowed for a municipal form of collective control, took both the land and housing out of the private property market, boosted the role of elected local councils and provided a decent home at affordable rents for more than a third of the population by the late seventies, dramatically reducing the social power of capital and the disciplinary role of rents and mortgages in the labour market. It also had egalitarian credentials by raising the necessary finance through redistributive taxes and collective borrowing, and reinvesting surpluses back into local public services. It should therefore come as no surprise that public housing was the first and eventually largest target of privatisation following the election of Margaret Thatcher's Conservative Government in 1979, and has been subject to further waves of privatisation, marketisation and corporatisation under the Labour Government since 1997.

Thatcherism and the rolling back of public housing

Although neoliberalism has many different facets, it was first put into practice as a *strategic* capitalist response to the world profit crisis of the 1970s, aimed at dramatically restoring (finance) capital's power vis-à-vis labour and opening up valuable public sector services and assets to private exploitation.[3] As David Harvey argues, neoliberal urban policy was designed to transform local authorities from their post-war 'managerial' role as providers of public goods, to 'urban entrepreneurs', competing with other local territories across the world 'for resources, jobs and capitals'.[4] One major aim was to reclaim prime central city space for capital accumulation and elite consumption by encouraging mainly speculative investment in narrow real estate developments.[5] Another feature was the assault on the 'municipal socialism' of Labour-controlled local authorities with the privatisation of public enterprises and assets, the slashing of budgets and the contracting out of local services.[6] Housing privatisation was central to both.

The 1980 Housing Act unveiled the famous Right to Buy policy, which allowed sitting tenants to buy their council house at huge discounts that would reach 70 per cent of market value. This was joined in 1988 by a number of estate-wide privatisation schemes, including Housing Action Trusts (HATs) and Large Scale Voluntary Transfer (a.k.a. 'stock transfer'), which induced some local authorities to sell their housing stock to not-for-profit Registered Social Landlord (RSL) companies known more commonly as Housing Associations. By 1997, some 2 million of the best council houses had been sold on the cheap, the majority through direct sales to tenants. At the ideological level, Thatcher's vision of a 'property owning democracy' proved popular among participating tenants and complemented the Conservative's efforts to widen share ownership, and thus market ideology, to the working class.[7] As Thatcher argued at the time,

> …why shouldn't [council tenants] have a chance to buy and hand something on to their children? Why shouldn't they have the chance to become little capitalists? …Look, they have got something to inherit. They have got the basis to start on! That is tremendous. That is popular capitalism.[8]

But housing privatisation was not just based on bourgeois dogma. It was motivated by an austere fiscal policy to enable, what Peck and Tickell call, the 'rolling back' of the state.[9] Selling off public housing aimed to transfer the long-term responsibility of financing repairs to the private sector, while raising £24.6bn[10] to help fund the neoliberal tax cutting agenda for big business, the rich and middle classes. It also went hand-in-hand with the slashing of housing budgets. Between 1979 and 1994, total public expenditure on housing decreased in real terms by 60 per cent, its share of public expenditure falling from 7.3 per cent to 2 per cent.[11] The Conservatives found innovative ways of starving local authorities of the financial means to invest in and repair their housing stock. They curtailed their ability to borrow or to reinvest the money generated by council house sales (their capital receipts) and tenants' rents. Instead, 75 per cent of capital receipts had to be ring-fenced to repay the so-called 'historic debt' that financed public housing in the first place. This was 'despite local authorities having enormous problems of repair and modernisation, and despite the housing debt representing only a tiny fraction of the current value of the local-authority housing stock'.[12] Consequently, the annual number of new council homes built fell from 74,835 in 1980 to just 290 in 1997[13], while the majority of what remained publicly-owned was crumbling under a repair backlog valued at £23 billion by the Chartered Institute of Housing.[14]

Privatisation was accompanied by the deregulation of protections and controls in the private rental sector and the liberalization of mortgage lending for buy-to-let investment in order to re-insert housing into the private market as a key focus for capital accumulation and driver of labour market reforms. The intention was to allow private landlordism to flourish once more and provide the 'primitive accumulation' necessary for the development of major property companies, agencies and estate agents as part of a booming private housing industry. At the urban scale, the assault on council housing was a major governmentality weapon against local authorities. They lost their best and most valuable housing assets and better off tenants, while once popular inner-city mixed working-class communities increasingly became by-words for poor quality housing, unemployment, social ills and welfare dependency. This enabled both the government and their free market supporters in industry and the media to represent inner cities as dangerous places to live as a justification for the city centre gentrification agenda.[15]

New Labour, new privatisation

Far from reviving the public housing sector as some in the tenants' and labour movements had naïvely hoped for, since its election in 1997, the New Labour government has continued to 'roll back' public housing, hiving off a further 860,000 council homes to Social Landlords and another 400,000 to former tenants.[16] Not only has social housing become residualised as a tenure of last resort for those in dire need, but it has also been steadily corporatised, with RSLs now the main constructors and providers of social rented housing. Athough they are currently barred from floating on the stock exchange, RSLs are very much private companies with greater freedoms to charge market rents, evict tenants and build private housing. Tenants elected on to the RSL board are bound by company law to support the RSL, while recent mergers mean that 95 per cent of

RSL activity is controlled by just a third of the sector[17], removing landlord accountability further from the local community.

Nevertheless, under New Labour the rate of privatisation has been gradually slowing, with the remaining poor quality stock both unattractive and unaffordable for most tenants, and stock transfer has been increasingly blocked by tenant ‘no’ votes in statutory ballots.[18] This has impelled a gradual evolution in New Labour’s housing policy, set out most clearly in the 2003 Sustainable Communities Plan, that brings together existing ‘roll back’ policies with new ‘roll out’ tools that open up new privatisation opportunities and prime what remains of public housing for future disposal. This urban policy approach has focused on creating ‘decent homes in decent places’ through three main policies – the Housing Market Renewal Pathfinder, the National Strategy for Neighbourhood Renewal and the Decent Homes Programme. Underpinning all is the intention to create so-called ‘mixed communities’ in deprived areas, principally through housing market interventions that imply large-scale demolition of working class housing, both public and private, in order to create new private housing developments with greater tenure (and thus wealth and household) diversification.[19] The ‘social mix’ approach, euphemistically labeled by its champions as about ‘deconcentrating deprivation’[20] is nothing less than ‘state-sponsored gentrification’.[21]

Council housing has been mainly affected by the Decent Homes Programme, which compels all local authorities and RSLs to bring their social housing stock up to a (very) minimum ‘decent’ standard by 2010.[22] While on paper this appears as an overdue corrective to the decades of Thatcherite cuts and disrepair, most local authorities cannot meet Decency from their own resources. Government will only make available ‘additional funding’ (which actually comes from the central pot of tenants' rents retained by government) to support local borrowing requirements if local authorities first implement one (or more) of three marketisation options. The first option is to set up 'arms-length management organisations' (ALMOs) to take over the day-to-day management of the local authority's housing stock. While the local authority remains the sole landlord and shareholder in the ALMO, the arms-length body is run as a not-for-profit business with a significant degree of operational independence to procure its own goods and services. Tenants were told that the ALMO route was the only way to access extra investment for their homes, only to then discover that this additional funding was dependent on their ALMO receiving a 'two star' rating from inspectors, which many have failed to achieve. The experience from England and Wales[1] is that, with very few exceptions, ALMOs have created yet another layer of bureaucracy between the landlord and the tenants, introducing some of the worst aspects of corporate behaviour, eroding service accountability to tenants and elected councillors through their subservience to company law, and undermining employee morale and trade union rights. Significantly, as separate companies they can be fully privatised 'at a stroke'[23] and there is growing pressure from within the ALMO sector to set them free from local authority control.[24]

The second option for local authorities is to privatise directly some or all of their council housing through stock transfer to a Housing Association. The association will be able to secure the necessary investment through a mix of private borrowing and government grants, while the local authority will be rewarded by having its historic housing debts written off by the government. However, due to the increasing resistance to this route, a third option exists – the Private Finance Initiative (PFI) – in which local authorities retain ownership and their landlord status (possibly under ALMOs), but award a private consortium a long-term contract to take on

[1] So far, ALMOs have not been promoted in Scotland

the regeneration and management of a specific housing estate that requires a large amount of capital investment to meet the Decency standard.[25] Under PFI, the entire process of financing and carrying out the design, the building, and the operation of public infrastructure (that is, the *physical* facilities, not the actual *frontline* service itself) is packaged into a lucrative long-term contract (normally 20 to 30 years). These are then bid for by *private* consortia (each typically comprising a construction firm, a facilities management company and a bank to finance the scheme). The winning PFI consortium will receive regular performance-related payments that cover the entire cost of the scheme and include a large profit for the companies involved, estimated at between 7 per cent and 20 per cent of the total payment.[26] Due its complexity and the government's initial prohibition on including *new build* council housing in such schemes, PFI has so far played a relatively small role in public housing. At the time of writing, nearly 20 schemes had been selected, with 11 having signed contracts for a total of £875.6m in capital investment alone, and a further 8 schemes currently in procurement.[27]

There is now a wealth of documented evidence exposing the controversies and problems of the PFI across the public sector, particularly in hospitals and IT systems: it is on average 30 per cent more expensive than publicly financed projects because of the higher cost of commercial borrowing, and is notorious for escalating project costs and delays, poor quality building work, service failure, worker exploitation, a lack of accountability and corporate profiteering.[28] Despite this, public authorities continue to opt for PFI schemes, firstly, because it is often the only source of large-scale capital investment made available by government, and secondly, because the government's Public Sector Comparator model used to compare 'value for money' between proposed PFI schemes and conventional procurement approaches is inherently biased towards the PFI route.[29] However, while the costs and risks of the PFI are of major concern, its real significance lies in the wider social restructuring processes it unleashes [30].These, as we shall see later in relation to housing regeneration in Leeds, include gentrification, the reduction of both the amount and proportion of council housing in favour of the private market, and a wider framework of marketisation across the local public sector.

The affordability crisis: a new era for social housing?

The neoliberal turn has devastated people's hard-won right to decent, affordable and secure housing and is recreating the precarious private market system of the nineteenth century. Since 1981, private housing, both in absolute and relative terms, has grown at the expense of social rented housing, which has declined steadily from seven million to under five million dwellings (DCLG 2007a). The deregulation of the money supply, the growth of home purchase lending and increases to the ratio of credit to income on offer have combined with insufficient supply[31] to produce unprecedented rises in house prices that have made home ownership three and half times more 'inaccessible' for first-time buyers since 1996, according to the Royal Institute of Chartered Surveyors.[32] This has led to higher private rents (which have more than doubled since 1994) and also higher social-housing rents due to the government's 2002 'rent restructuring formula' that includes property valuation. Overall, council housing waiting lists have nearly doubled since 1997 to four million people, with warnings from councils that this could rapidly reach five million by 2010.[33] The number of homeless households living in temporary accommodation more than doubled between March 1997 and March 2004 to nearly 100,000[34] and a million children now live in overcrowded housing.[35]

The housing crisis has placed New Labour under growing and contradictory pressures. On one hand is a sizeable lobby of consultants led by the neoliberal Smith Institute[36] imploring government to sell off, or at least marketise, the remaining public housing stock. On the other are galvanizing opponents such as Defend Council Housing (see chapter on Fighting Back) arguing for the restoration of council housing as a legitimate tenure in the public's eyes and finding a resonance in what remains of the Labour Party's old grass roots. This prompted a comprehensive review of the 'future of social housing' during 2006 and 2007[37] and the resulting Housing and Regeneration Act promises 100,000 new social rented homes by 2011 and 50,000 a year from then on, a huge increase on current rates. Local authorities have also been promised that they will once again be empowered to build council housing themselves. Beneath the headlines, however, New Labour has simply tightened the existing neoliberal straitjacket on council housing. While the Right to Buy, stock transfer, ALMOs and PFI all remain in place, profit-making companies will now be allowed to register as social landlords under a new lighter burden of regulation, and there are proposals to replace the current Social Housing Grant (government subsidies given to help RSLs build social housing) with a risk-based model seeking returns to investment. The fear is, that RSLs will be forced to compete with large corporations and further encouraged to become developers in their own right[38] - which many already are, although they have to keep the profit and non-profit sides of the business separate. This could lead to even greater centralisation of the social rented sector into larger and fewer mega-companies that have no accountability to tenants or communities. Above all, the new era of council house building is not quite what it seems. In order to receive financial assistance, local authorities must set up either ALMOs or Local Housing Companies, which are joint ventures where local authorities are partnered with a private developer or RSL. The local authority invests 'surplus public sector land' into the company and shares the rising land values with its partner. Only 50 per cent of the new homes built by these companies will have to be for social rent, and these will be let at higher than RSL rents and will not be on 'secure' tenancies. This is not council housing. Councils that want to build housing directly must bear all the cost themselves, and this is likely to yield only 2,500 homes a year.[39] The government has indicated that changes to housing finance rules might allow all councils to be able to bid for Social Housing Grant, but anticipates that PFIs are the more likely route.[40] As the remainder of this chapter demonstrates, a future for council housing under PFIs is no future at all.

Housing regeneration in Leeds: the role of the private finance initiative

Once a world manufacturing and trading centre for textiles and engineering, the northern English city of Leeds' has a strong industrial working-class heritage that led to important pre-war developments such as Quarry Hill council flats[41], and pushed the Labour Party into power for much of the post-war era. This resulted in a huge council house building programme that by 1981 had produced nearly 100,000 homes, one of the largest local authority stocks in the country.[42] Faced with the Conservatives' assault on 'municipal socialism', the city's pragmatic leaders reluctantly adopted what we might call a 'progressive urban entrepreneurialism'. This opened up the city to private developers while trying to redistribute resources to zones of entrenched deprivation in the inner city and outer urban council estates that had fallen victim to deindustrialisation.[43] The Labour-run councils of the 1980s and 1990s did resist many of the Conservative government's housing privatisation initiatives, but were powerless to stop the Right to Buy, which has so far accounted for the loss of nearly 40,000 council homes, or do anything about the slashing of central housing budgets that left over 50 per cent of council housing in an 'indecent' standard by the late 1990s.[44] Leeds built its last 18 council homes in 1992[45]; tellingly, in that same year, 941 council houses were sold under the Right to Buy and 1114 homeless people waited to be rehoused, the highest number for decades.[46]

The only investment in social rented housing came from the innovative Leeds Partnership Homes, a joint venture company between Leeds City Council and five local housing associations, which built 4000 homes for social rent and so-called ‘low cost ownership’ in the mid-nineties, thanks to the transfer of £33m of mainly brownfield public land sites to Housing Associations.[47] This initiative was successful in pooling resources to build social rented housing at a time of open warfare by central government against the public sector and local authority housing; however, it also contributed in some ways to the privatisation agenda by pioneering a model of delivering affordable housing based primarily on the gifting of public land to the private sector. This public-private partnership ethos has continued apace under New Labour. In 1999, Leeds was one of the first eight local authorities in England and Wales to be selected onto the housing PFI Pathfinder Programme for its Swarcliffe regeneration scheme. Since then, the Council has successfully bid for similar PFI schemes for the Little London (see below), Beeston Hill and Holbeck neighbourhoods, despite opposition from local tenants and residents. In 2003, following the government’s Decent Homes agenda, Leeds City Council spent almost £2 million convincing tenants to welcome the creation of six ALMOs to manage the city’s housing services. The result has been a 30 per cent cut in the number of local housing offices, the increased sub-contracting of services to private firms, and 18 new senior managers and new head offices for the six companies.[48] After just three years, Leeds ALMOs were projecting a collective £11.8 million deficit by 2009/10, and they were consequently merged into three ‘super-ALMOs’ in 2007 in order to cut senior management costs.[49] Since then, however, at least one ALMO has focused on cutting its caretaking staff, and is now attempting to alter Joint Consultation arrangements with trade union representatives at the same time as reneging on overtime and pay grading agreements with staff.

One disastrous consequence is the affordable housing crisis gripping the city. Leeds is now the most expensive local authority area in West Yorkshire for buying a house: only four out of Leeds' 102 postcode sectors (3.9 per cent) have prices affordable to those on below average single incomes[50], with the recent housing market slowdown making little difference due to the impact of the credit crunch on first-time buyers. This is reflected in the number of people on the city's housing register waiting for a social rented home, which in recent years has risen by almost a third to around 31,000. They face a long wait as currently 6000 people 'bid' for only 500 empty council properties per month.[51] The rising house prices in turn have pushed up land values, which has encouraged Leeds City Council to allow some 9500 private flats to be built in the city centre and approve a further 6000[52] – despite estimates of one-third to a half lying empty[53]. At the same time it is planning to demolish at least 6000 council homes over the next decade[54] as part of its 'regeneration strategy' aimed at 'narrowing the gap between the most disadvantaged people and communities and the rest of the city'.[55] What follows is the story of arguably the most controversial of these regeneration schemes – the Little London Private Finance Initiative.

The gentrification of Little London

Sandwiched in-between Leeds' booming central zone and its expanding university quarter, on the inner north-east rim of the city, lies Little London, a once popular modernist public housing estate with imposing high rise tower blocks, flat roofed maisonettes, terraced two-up two-downs, and semi-detached housing. By the late 1990s, Little London had become another victim of

Thatcherism, gaining a *dis*-reputation as a ‘no-go area’, full of drug-dealing, deprivation and physical decay. In summer 2001, Leeds City Council officially informed tenants of its intention to ‘regenerate’ Little London using the government’s housing PFI scheme to ‘improve the standard of homes, shopping areas and the wider environment’ so that ‘residents have the quality of life they deserve’.[56] However, when the Council unveiled its original £45m regeneration blueprint for Little London, the plan went far beyond simply *refurbishing* Council homes and *improving* the area for the people already living there. The Council’s vision was to recreate Little London as a desirable ‘mixed community’ that would both serve the city centre housing market and bring ‘the benefits of the city centre housing boom to Little London’.[57] According to the plan, at least 150 council homes would be demolished on the most lucrative development land nearest to the city centre and the cleared sites would be sold to developers to build private housing for market sale. Three high rise blocks towards the city centre, containing 300 council flats, would also be sold off to developers to be refurbished as ‘middle market’ homes for rent or sale. The rest of the estate would be given a radical facelift to fit in with the urban form of the city. In concrete terms, hundreds of poor families and individuals would be forced to leave their homes and community, with limited re-housing options and a derisory compensation package. Armed with ‘evidence’ from international property consultants Kings Sturge, Leeds City Council justified its strategy on the basis that the estate’s social problems were linked to “specific property types” such as the high rise tower blocks and maisonettes, which had high turnover, low demand and problem tenants (in the shape of mainly young people with ‘challenging’ and ‘anti-social behaviour’ requiring welfare support[58]). PFI would provide the ‘higher than average investment’ required to deal with the flats’ physical disrepair, and tenure diversification through private development would solve the social problems by helping to ‘maximise the market potential of the area’, maintaining ‘demand for flats from a diverse customer group where *applicants needing support do not predominate*' (emphasis added).[59] In other words, regeneration was about reconstructing the local housing market to enable house prices and rents to rise in line with city averages and reflect the true market value of their prime city centre location, while replacing a large number of the poor with a more economically desirable population.

Despite the Council bombarding the local community with pro-PFI propaganda and thinly veiled threats to vote 'yes' or be cut adrift, the local community rejected the PFI scheme by 54 per cent to 46 per cent in the official ballot. The strength of feeling was reflected in the turnout - 67 per cent - that dwarfed the average of 20 per cent in local and general elections. Leeds City Council, however, had no intention of allowing such large amounts of investment to be lost. It refused to accept the ballot result, blaming the 'misleading' propaganda of the anti-PFI campaign, and held a 'fresh' ballot just two months later on what it called a 'new' PFI scheme that no longer proposed to demolish two tower blocks (100 flats) as originally planned. Just to be sure, the Council redrew the boundaries of the proposed PFI scheme so that they cut out sufficient numbers of 'no' voters identified on the edge of Little London.[60] Inevitably, the result this time produced a 'yes' vote for PFI, with 56.7 per cent in favour but on a much reduced turnout (46 per cent). The progress of the Little London PFI scheme was then delayed again for three years due to the government's doubts about the affordability and manageability of the scheme, requiring a fresh consultation exercise in February 2006. This time, however, the Council did *not* offer tenants a ballot, and re-branded its preferred scheme as the 'Comprehensive Regeneration Option' with mention of PFI deliberately avoided where possible.[61] The two towers previously 'saved' were once again earmarked for demolition, but a new carrot was put forward: 125 new council homes would now be built to replace them. The catch was a reduction in both the number of council homes to be refurbished and maintained, and the frequency of major renewal, with the contract length reduced from 30 to 20 years. Surprisingly, in March 2008, the Council confirmed that, due to the ‘global credit crunch’ and ‘housing market slowdown’, it had abandoned its plans to sell off three tower blocks containing 297 flats to a developer and would instead retain and refurbish them as Council homes. This decision was also undoubtedly influenced by local resistance, which included a (failed) legal challenge and the emergence of a new tenants and residents group for the condemned blocks. At the time of writing, the PFI scheme, which was put out to tender in July 2007, is currently in the procurement phase with physical regeneration work not expected to begin until early 2010, a full nine years after Leeds City Council first applied to the housing PFI scheme.

Unpacking the neoliberal urban enclosures in Little London

In order to understand the shabby way in which the people of Little London have been treated, we have to understand the neoliberal straitjacket that PFI imposes on local authorities. This has three main components in housing. The first is a very deliberate menu of market-friendly *policy* guidelines to be obeyed by local authorities, including the creation of ‘mixed communities’ (*read*: gentrification) and ‘tenure diversification’ (*read*: demolition/privatisation of council housing).[62] Leeds City Council has willingly followed these guidelines to the letter in its matrix of refurbishment, selective demolition, privatisation and new private housing development that reduces both the amount and proportion of public rented housing in favour of private housing tenures. As Leeds City Council admitted, housing PFI has

> …the capacity to ‘design out’ the sources of many of the estate’s problems making it easier to manage. With an improved environment in which the most needy people formed

> a lower proportion of the neighbourhood's population, the level of investment offered through PFI would make it possible to move from the current 'crime & grime' focus towards a more aspirational agenda.[63]

Secondly, local authorities are obliged to use a complex *financial model* to pay for their housing PFI scheme. This incentivises local authorities to demolish public housing and create development sites that can be sold on to part finance the proposed improvements to the PFI regeneration zone. In Little London, four such development sites have been put forward to be sold for mainly private housing or mixed development. Moreover, any rising or unforeseen costs become the responsibility of the local authority, placing it under constant pressure to 'transfer resources from other parts of the housing budget to pay for its PFI obligations'.[64] Once that revenue stream dries up, the local authority may look to cut other budgets or outsource services to the private or voluntary sector. The potentially devastating impact of this financial straitjacket on Leeds City Council emerged in November 2006, when leaked confidential documents revealed that an 'affordability gap' had appeared in the Little London scheme due to a two month delay in the latest project timetable. This had given the Council no choice but to increase its own contribution by some £192,000 a year (£3.833m over 20 years) and brace itself for other possible scenarios that could hike up the Council's long-term liabilities even further.[65] The documents revealed, for example, that a 0.5 per cent increase above the estimated future rates of general inflation and building costs inflation, combined with a further six month delay, would increase Leeds City Council's contribution by an extra £7.28m over 20 years. In the worst case scenario outlined, the Council's contribution could rise by 25 per cent over 20 years – a huge £12m.[66]

The third component is the 'locking in' of *market forces* and *interests* into the eventual PFI scheme through the exposure of the public sector throughout the design and procurement phase to the overcrowded (and thus very competitive) sellers' market for PFI contracts. When the future uncertainties of economic growth and financial markets are added in, this environment usually allows the scheme to evolve in such a way as to generate opportunities for greater profitability for PFI contractors, at the expense of social provision, high quality service performance and workers' pay and conditions. 'Carrots' to the private sector usually involve what Whitfield calls the 'privatization of the development process' through land and property deals that enable capital to gain control of 'surplus land and buildings such as school playing fields, vacant land, empty hospital buildings and so on for property development'.[67] Confidential council documents reveal just how far the Council has gone in internalising market logic into its regeneration plan. In 2005, following a disappointing round of market testing in which the Council put forward a range of new options to private sector actors, Council officers argued for the need to re-scope the PFI scheme to 'create a more favourable investment opportunity'.[68] The constant exposure to market forces has so far seen the Little London regeneration plan change seven times in seven years, as council planners and housing officers have been forced to come up with increasingly 'bolder proposals to create mixed tenure; larger development sites to create "critical mass"'.[69] Documents released under the Freedom of Information Act show that the Council also had a radical 'plan b' if the private sector was eventually not satisfied with the stock condition of the remaining housing: to demolish up to six more tower blocks on the estate.[70] This threat has since rescinded and the Council has promised that no more flats will be demolished.

Wider implications

The Little London PFI story demonstrates the extent to which the PFI is a purposely designed framework of disciplinary neoliberalism: its rules of access and use by local authorities come with in-built mechanisms that unlock public revenues and assets for capital accumulation. By entering into long-term, legally-binding contractual commitments to make regular profitable payments to capital, the local authority is forced to adopt an increasingly entrepreneurial and commercial understanding of its entire portfolio of services, land and property holdings. All local public services and buildings thus become at risk of being sold off, creating strong incentives for the public authority to enter into yet more PFI contracts in order to raise short term finance for vital public investment, and so strengthening and speeding up the vicious circle. Eventually, Whitfield foresees that the many PFI and other Public Private Partnership schemes across a city will become centralised under a small number of parent companies through buy-outs and mergers, leading to contract rationalisation and job losses, and, ultimately, a publicly-financed but unaccountable 'company town':

> …the company town is reemerging, not dominated by one industry or family, but by business elites through their involvement in regeneration, partnerships, outsourcing and sponsorship of arts and culture. The local state transfers assets and defers to the needs of and interests of the business sector first and foremost.[71]

Cities such as Leeds rely heavily on PFI schemes to finance street lighting, new schools and leisure centres, social housing, joint services and waste management.[72] In an already austere fiscal environment for local authorities, Councils must shoulder the rising costs of PFI schemes as they occur, regardless of other commitments or local needs, by transferring revenues from other budgets and selling assets from elsewhere in their portfolio. The implications of these huge future commitments in a context of growing fiscal austerity under neoliberalism could be catastrophic for the local public sector in Leeds. The Council could be forced to raid other budgets or sell off more public assets to ensure that all of its PFI schemes are financially solvent. This may start with service cuts and property sales from within the physical PFI zone, spread out to general budgets and assets associated with the particular service (e.g. housing), then go on to wider cuts in grants for non-statutory services (e.g. arts and culture) and then gradually the closure and sale of community centres, schools, libraries, art exhibition premises, museums, leisure centres, prestigious listed buildings and so on, in order to create development or investment opportunities for developers and real estate corporations. Far from a future dystopia, this is already happening across Britain's cities and towns.[73]

Yet, in the gloom, there is still hope. The very material processes of enclosure – school closures, housing demolitions, public space erosion – provoke very real material responses in the form of popular opposition and resistance seeking to 'reclaim social spaces…and turn them into spaces of commons'.[74] In Little London, a small but committed group of tenants has questioned and fought the Council's PFI scheme since it was first unveiled in 2001. While they have narrowly failed to stop the PFI scheme, their resistance has forced the Council to make decisive concessions, such as the like-for-like replacement of demolished council homes with social rented housing, and the retention of 300 flats originally scheduled for privatisation. In other words, they have saved some 430 public housing units when previously fobbed off with Thatcher's favourite phrase 'There Is No Alternative'. Moreover, their dogged resistance has sparked the formation of a growing city-wide housing movement, supported by local academics and trade unionists, that aims to learn from the Little London experience and fight the planned demolitions, privatisations and gentrification policies across Leeds.[75] While these struggles remain marginal and marginalised for the time being, and it will require a major and sustained organising and educational drive by progressive forces to reverse the current trends, there is hope that neoliberal housing policy in Leeds can be decisively challenged at last.

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