



2 August 2016

Gavin Barwell MP
Minister of State for Housing and Planning
Department for Communities and Local Government
Fry Building
2 Marsham Street
London
SW1 P 4 DF

Dear Minister,

Firstly I would like to congratulate you on your recent appointment as Minister of State for Housing and Planning in Mrs May's new Conservative Government.

I am sure you and your fellow Ministers will be taking stock of the situation we find ourselves in following the outcome of the EU Referendum and my purpose in writing to you is not only to congratulate you on your appointment but to request an early meeting with you to discuss how stock retaining councils can work with the Government to increase the supply of new housing and help meet the Government's ambition of delivering a million new homes by 2020, whether for owner-occupation, sub-market or market rent.

ARCH represents over 60 councils who have retained ownership and management of their social housing stock and, together with our colleagues in the National Federation of ALMOs (NFA), we represent over 100 organisations responsible for management of a council housing stock of over 1 million homes across the country.

ARCH has always supported the Government's ambition of a million new homes by 2020 but the evidence so far suggests that the million homes ambition will now be more difficult to achieve. The outcome of the Referendum necessarily imposes a review of Government priorities and a re-setting of economic and social policy, however we would argue strongly that the new Government should not step back from this ambition but take the steps now necessary to ensure that it can still be delivered.

Since the Referendum there has been renewed uncertainty in the housing market. Share prices in the construction sector have fallen and there is some evidence that developers and construction companies have become more cautious about investing. It is too early to conclude that investment will be permanently curtailed or what may happen to house prices in the medium to long-term, but we would argue that the Government must take early action to restore confidence and forestall the risk of a construction slowdown. This ought to include a boost to public investment in housing and a rebalancing of investment priorities away from an almost-exclusive focus on homes for sale to a more balanced mix including homes for sale, shared ownership, market and social rent according to local needs.

Local authorities and their ALMOs can play an important role in delivering this.

We recognise that public finances remain tight and there is limited scope for a significant increase in public borrowing. There is nevertheless a case for boosting public investment in municipal housing to avert the risk of an economic downturn, and, compared with alternative public investment opportunities, such as in transport infrastructure, housing investment has the advantages of being faster to show results and is less reliant on imported goods and services that the falling pound has made more expensive.

We support the thrust of the recent report by the Chartered Institute of Housing (CIH) and the Chartered Institute of Public Finance & Accountancy (CIPFA) "*Investing in Council Housing: The Impact on HRA Business Plans*" which puts this argument in more detail and would commend this report to you.

I am also conscious of the Government's Manifesto commitment to extend the Right to Buy to housing association tenants and to fund this in part by legislating to require local authorities to manage their housing assets more efficiently, by selling off expensive properties as they become vacant, with the promise that any properties sold will be replaced on a one for one basis (two for one in London) with less expensive affordable housing.

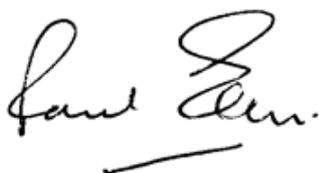
Stock-retained councils are of course concerned at the implications of the so-called Right to Buy levy and being required by legislation to sell their higher value housing stock so soon after the introduction of the self-financing regime and the debt settlement agreed with the Conservative led Coalition Government in 2012. There are clearly many issues still to be addressed in the practical implementation of the legislation and I believe that ARCH can offer practical and pragmatic advice to you and your officials to promote the efficient asset management of council housing without detriment to the viability of local authority Housing Business Plans under the self-financing arrangements introduced by the Conservative led coalition under the Localism Act 2011.

The Housing & Planning Act 2016 also introduced provisions for payment of mandatory higher rents by higher income council tenants and our members have particular concerns that the scheme as planned will not work in some parts of the country and will be cumbersome and expensive to administer and therefore will not raise the expected levels of income for the Government as indicated in Chancellor George Osborne's summer budget. The introduction of "Pay to Stay" was not a Manifesto commitment and ARCH would urge you to consider making the Scheme discretionary for local authorities as it is for housing associations. As an absolute minimum we would urge you to consider delaying implementation of the Scheme until after April 2017 to give local authorities more time to plan effectively for its implementation in consultation with your officials.

I believe there is much that ARCH and its network of member councils can do to work with and assist you and your officials at the Department in supporting the practical implementation of the Government's housing policies and ensuring that there are no negative unintended consequences.

I would therefore request an early meeting with you, at your convenience, to discuss how ARCH may be of practical support to the new Government.

Yours sincerely



Councillor Paul Ellis
Chairman, Association of Retained Council Housing
Conservative Councillor for Balham &
Cabinet Member for Housing LB Wandsworth