

Arch **news**

a fair deal for all our residents

Newsletter of The Association of Retained Council Housing

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Rush of new ARCH members

ARCH has seen a rush of new sign-ups, taking the number of members to 50, who between them own and manage a total of almost 450,000 properties.

Bournemouth, Corby, Epping Forest, North Warwickshire, Reading, Rugby, Shropshire, Stroud, Tendring and York have all joined in the past six months.

ARCH's members between them own and manage a total of 448,641 properties. With some 815,000 properties owned and managed by stock retainers overall, this represents a significant proportion of retained council housing in England.

ARCH secretary John Bibby, director of housing and community services at Lincoln City Council, said: 'We are pleased to see our ranks being swelled. The more authorities that band together, the louder our collective voice and the better a deal with can get for our residents. We have been buoyed by recent developments on reform of HRA and house-building following arduous campaigning on these issues. Our business plan target for membership was 50 authorities and has been achieved - with five months of the financial year remaining.'

Alan Hall, director of housing at Epping Forest DC, said: 'My council has joined ARCH because we believe we are entering exciting times for council housing and we want to work with like-minded councils



Alan Hall, director of housing at Epping Forest DC: 'We want to work with like minded councils to further improve our services and get the best deal for tenants.'

to further improve our services and to get the best deal for our tenants - whether it is having a sustainable 30 year HRA Business Plan (through the proposed HRA reforms) or a new council house-building programme.'

Epping Forest tenants expressed an overwhelming desire for the council to remain their landlord following an options appraisal five years ago. The authority has high levels of tenant satisfaction (84%), all its homes will meet the Decent Homes standard by next March, and its HRA Business Plan projections show a surplus for at least the next 20 years.

These latest additions to ARCH's ranks follow Southwark and Birmingham, two of the largest landlords in the country, joining in the past year.

Biggest council building programme in 20 years

Building programmes are going ahead in ARCH member authorities following successful bids for the first round of the Homes and Communities Agency (HCA) funds.

ARCH has lobbied to overcome barriers to council building and member authorities are leading the way in taking up new opportunities. ARCH members among the successful HCA Local Authority New Build (LANB) first round bidders include: Birmingham, Broxtowe, Bristol, Exeter, Cambridge, Croydon, Southwark and West Lancashire.

This marks the biggest local government housing programme since the 1980s. Construction will begin on the first sites before the end of the year, with 47 councils sharing £127m funding to develop more than

2,000 properties, which will be matched by prudential borrowing.

Ted Czerniak director of housing and leisure at Broxtowe, whose council has been among the trailblazers on house-building, said: 'We don't just see this as a one-off chance to build a few thousand homes. We see it as a chance to show what local government can achieve and hope it is the start of a wide-scale council housing programme.' Broxtowe built 12 properties using its own funds in 2006 and has now received £490,000 from first round LANSB, which it will match fund.

ARCH member authorities made further bids for the second round HCA funding for the end of October deadline, and are eagerly awaiting news of the results.



Artist's impression of new sustainable homes at Rennes House, which are being built by ARCH member Exeter City Council following its successful bid for HCA first round funds. Exeter's phase one programme features 21 units, for which it was awarded £1545,000 to be backed by prudential borrowing. The council has placed a strong emphasis on high quality, sustainable properties, and innovative design. The council has also submitted four new schemes as part of the HCA round two bidding process.

Tenants feed back on HRA proposals



Graham Martin took the ARCH Tenants' Sub-group through HRA reform proposals when they met in London on 21st September. Here he gives a round-up of their views

It's been a long time coming, but at last a way of funding council homes has been proposed that could provide the money for proper investment, Decent Homes, and quality management.

So what did the ARCH Tenants' Sub-group think about the Government's proposals?

During a workshop on the future of housing finance in London, the resident representatives present were not sure how fair it was for debt free councils to be taking on the debt. But they welcomed the proposal that all authorities would have enough money to invest in and manage their council homes, and be able to keep all the rent money collected. While there was much detail to consider, perhaps the biggest, almost unspoken question, was: 'Will this actually happen?'

Even for existing debt free councils there are advantages in the proposals. Councils would stop paying surplus rental income to the Government every year, and even after paying its annual loan payment would have more money to spend than at present. In time, the loan would be paid off and the council could have much more money. However this still did not feel completely fair to all group members.

Initial concerns existed around Right to Buy. However, there are reassurances that under the proposals tenants' rights would not be affected. Where existing homes were purchased, then the council would keep

all the money (whereas at present three quarters goes to central government).

A concern for many of the tenants in the group was what standard of work the new system would allow their councils to improve to. And in particular what about tenants whose councils had only invested to the 'minimum' Decent Homes standard? This is clearly a key area to watch and lobby on, as the full rules have yet to be written.

However, it is likely that councils will be able to build in all reasonable costs to get all their homes up to full Decent Homes Standard – but everyone is aware of the need to watch the small print. For example, will there be money to remodel old-fashioned bedsits into modern flats? And will environmental works be covered? And there is nothing in the proposals about how to fund the extra works needed to reduce the 'carbon footprint' of homes.

Fears were expressed over the ability of some local authorities to manage their new freedoms properly. What would happen if the money available was badly spent, or if the council decided to siphon off much of the new money through extra central charges for services provided, or if the council simply ran out of money? There are no easy answers on this and if tenants and councils really want local control, then these are the issues that need to be addressed.

Perhaps reassuringly, there are proposals in the consultation document for councils' performance to be closely monitored, with

provision for strong action to be taken where they are under-performing. There also needs to be a way to allow tenants to be closely engaged in the decision making and monitoring of how plans are working.

Graham Martin is an independent housing researcher and analyst who specialises in working with tenants on housing finance issues.

Tenants sub-group

The session on HRA outlined above was part of a full meeting of the ARCH Tenants' Sub-group on 21st September.

The group addressed a range of governance matters, including the election of a vice-chair to support chair Marlene Price and regional representation. Amendments to existing Terms of Reference have been made accordingly. Other issues discussed included positive feedback on the ARCH tenants' and residents' annual conference.

The Tenant Participation Advisory Service has been commissioned to report on next steps for the group and ways in which its work can be best co-ordinated with that of the ARCH executive board.

The next ARCH Tenants' Sub-group will take place in London on Monday 25th January 2010 from 10.30am to 2.30pm.

Enquiries should be directed to Marilyn Thornley at TPAS.

email: marilyn.thornley@tpas.org.uk



ARCH puts its case on HRA

ARCH has submitted its detailed formal response to the Government's consultation on reform of the Housing Revenue Account (HRA) system following consultation with its members.

The association's response to the proposals for changes to the HRA system, submitted for the deadline of 27th October, follows vociferous campaigning for the reform of the current unsustainable system. It reflects views of member authorities gathered since the launch of the review of housing finance in 2008.

ARCH members gave clear signals that they wish to work with central government to reach an agreement that will enable the existing regime to be dismantled when they came together in London on 5th October for a consultation event on HRA. Some 75 councillors and senior housing and finance officers debated their stance, which was fed into the association's response to the consultation. This was preceded by a speech setting out the Department for Communities and Local Government's approach by senior civil servant Peter Ruback.

The event at Coin Street Neighbourhood Centre in October, followed ARCH commissioning Consult CIH to undertake a modelling exercise which allowed guesstimates of possible debt allocations of members to be calculated according to various scenarios, which was discussed at previous a meeting in London.

Speaking at the 5th October event, Cllr Milan Radulovic, chair of ARCH and housing portfolio holder at Broxtowe BC, said: 'Housing has climbed the political agenda. This is an opportunity for much-needed reform of the HRA. ARCH is bringing councils of all political parties together to find a way forward.'

While ARCH welcomes opportunities for greater local control over housing finance offered by the Government's proposals, it

is clear that this must be at a price councils can afford. ARCH is seeking clarifications on key issues to ensure a sustainable model is developed.

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A 'Ten Point Action Plan for HRA Reform', has been produced summarizing the principles upon which ARCH's approach to a reformed housing finance system is based. These are:

- 1 ARCH believes the write off of debt would be the preferred position and points out that this has happened in cases of stock transfer.
- 2 But ARCH members recognise that all indications from the Government are that it is not going to agree to this approach, particularly at a time when the whole issue of government debt is at the top of the political agenda. ARCH therefore believes that a more pragmatic approach is required in discussions about debt allocation.
- 3 When members came together for the HRA consultation event in London on 5th October to discuss their response to the consultation, they gave clear signals that they wish to work together and with central government to reach an agreement.
- 4 ARCH cannot comment on how the debt settlement would work for individual authorities until detailed methodology is finalised.
- 5 ARCH will continue to push for replacement of HRA with a formula that

is fair, sustainable and allows local control.

- 6 It is important to achieve consensus and avoid winners and losers scenarios.
- 7 ARCH commissioned ConsultCIH to undertake a modelling exercise, which allowed guesstimates of possible debt allocations to be calculated for 56 authorities according to various scenarios, found that, on the basis of the proposals in the consultation paper, average debt of participating authorities might be around £14-15k per property but with a large variation between highest amount at £28,000 per property and the lowest at £5,700. This shows the way in which the formula is shaped and debt is calculated is critical to making self-financing proposals work. Self-financing could be sustainable at certain uplift levels – but not at others.
- 8 Local control must be at a price councils can afford in order to be sustainable.
- 9 Rent convergence, interest rates, the level of uplift in allowances and capital grants are all vital elements to be considered.
- 10 A move to self-financing is a viable option in ARCH's view, but swift clarification on these crucial variables is required.

Brian Reilly, deputy director of housing, London Borough of Wandsworth and ARCH executive board member, commented: 'We hope agreement can be reached swiftly – as otherwise this opportunity to reform the existing unfair and unsustainable system could be lost or significantly delayed.'

The ARCH response to the Government's consultation on the future of housing finance contains full detail on a range of key questions that must be addressed to enable a sustainable future for stock retainers.

A copy of ARCH's submission to the consultation is available on the website: www.arch-housing.org.uk or call: 01422 842470

Some 75 councillors and senior housing and finance officers from ARCH member authorities debated their stance at an event in London on 5th October [left].

The Department for Communities and Local Government's senior civil servant Peter Ruback, [first right] set out the Government's approach. ARCH's national chair, Cllr Milan Radulovic, [far right] said: 'This is an opportunity for much-needed reform of the HRA.'

A meeting in September attracted 70 delegates from member authorities and featured an opportunity to discuss the results of the modelling exercise commissioned by ARCH showing that, on the basis of the proposals in the consultation paper, average debt of participating authorities might be around £14-15k per property.



Study demonstrates holistic benefits of stock retention

Research on the holistic benefits of retained council housing in meeting local government's wider objectives has been completed.

The study, conducted in partnership with the Association for Public Service Excellence (APSE), consisted of a literature and policy review, on-line survey involving member authorities and in-depth case studies in a number of member councils. It examines the argument that local authority ownership and management of housing offers 'added value' in terms of supporting councils in delivering services more holistically and meeting economic, social and environmental goals.

It shows ways in which stock retainers contribute to a range of broader policy and service delivery aims in councils including: dealing with homelessness, anti-social behaviour, services for elderly and vulnerable people, health and well-being, community engagement, training and employment opportunities, social inclusion, neighbourhood management, planning and regeneration, sustainable procurement and efforts to address climate change.

All ARCH member authorities will receive copies of the report, which will also be used for lobbying and press activities to promote the holistic benefits of stock retention, this winter.

The researchers would like to thank all the ARCH members who have taken part in the on-line survey and contributed to the study.

ARCH executive board



Members of the ARCH executive board at the HRA consultation event in London on 5th October.

ARCH's board, elected at the AGM in London in July, is chaired by Broxtowe BC. The London Borough of Wandsworth holds the vice-chair position and provides resident representation on the board. ARCH's secretary is John Bibby of Lincoln City Council. Other board members comprise representatives from: Birmingham, Canterbury, City of London, Exeter, South Derbyshire, Norwich, Warwick and West Lancashire.

The event in October was attended by elected members and senior housing and finance officers from member authorities and canvassed views to inform ARCH's response to the Government's consultation on housing finance, see pages 2-3.

Enquiries about ARCH can be sent to: email@arch-housing.org.uk

Arch Join together for a better future for council housing

Council housing now has a higher profile

ARCH has become increasingly prominent in the past year. We intend to extend our influence further in 2009-10 and continue to bring stock retainers together to secure a better future for residents.

ARCH offers:

- A collective voice for one million people who live in council homes
- Campaigns for fairer finance and better opportunities for stock retainers
- Performance improvement
- Conferences and seminars

- Best practice sharing
- A vital information and support network
- Expert policy analysis

Benefits of ARCH membership include:

- A collective voice for stock retainers
- Lobbying for fairer finance and better opportunities
- Free access to annual tenants' and residents' conference for up to six delegates
- Subsidised access to chief officers' conference
- At least three free seminars on topical issues per year
- Regular updates on relevant news
- Up to ten expert policy briefings a year on latest issues facing stock retainers
- Free copies of ARCH News members' newsletter delivered three times a year
- A forum for sharing best practice
- Discounted HouseMark membership fee and exclusive access to stock retainers' performance improvement club
- Free access to Association for Public Service Excellence housing advisory groups
- Local Government Association housing advisors' panel representation
- Recognition as statutory CLG consultee
- TPAS tenant participation support



Join ARCH

ARCH membership costs £2,000 per year. Membership is open to all authorities that have completed a Housing Option Appraisal and decided to retain ownership and management of all or part of their stock.

For further information on ARCH membership, contact:

John Bibby, ARCH Secretary

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