



## **ARCH TEN POINT PLAN FOR HRA REFORM**

**The Association of Retained Council Housing (ARCH) submitted its detailed formal submission in response to the Government's consultation on reform of the Housing Revenue Account (HRA) system for the deadline of 27<sup>th</sup> October. It has also set out the following 'Ten Point Action Plan for HRA Reform', summarizing the principles upon which its approach to a reformed housing finance system is based:**

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 a HRA consultation event in London on 5<sup>th</sup> 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. A ConsultCIH 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.

ARCH provides a collective voice for councils whose residents have chosen for their local authority to be their landlord and was set up to campaign for fairer housing finance.

For further information see: [www.arch-housing.org.uk](http://www.arch-housing.org.uk)

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