



CONSULTATION RESPONSE 2009

RENT REDUCTION FOR COUNCIL TENANTS

The Association of Retained Council Housing (ARCH) was set up for Councils whose Tenants have chosen the Local Authority as their Landlord. ARCH brings Councils, who own and manage housing together, to give the best deal for their Tenants. These are crucial times for Social Housing. The way affordable housing is delivered, financed and regulated is changing. Around 100 Local Authorities own and manage 800,000 properties and ARCH wants to make sure that the brighter future for Council Tenants is secured.

INTRODUCTION

ARCH welcomed the opportunity to comment on the proposals set out in the Consultation Paper. This response has been developed with input from our membership and represents their collective views.

GENERAL COMMENTS

ARCH welcomes the Government's decision to reduce rents so that Council Tenants do not have the burden of an increase in rent of over 6%.

SPECIFIC ISSUES

ARCH has received representation from a number of Councils who dispute that the Local Housing Authorities have the necessary resources to cover the additional cost of amending rents as indicated within the Consultation Paper. All Local Authorities have already formally notified Tenants of the rent increase and some have issued replacement rent cards. Each will now face the burden of carrying out this task again along with the added difficulty and associated costs of amending their computerised rent accounting systems and records. ARCH feels that Authorities should be reimbursed in full for the administrative tasks that they undertake because, on this occasion, the Government was not able to notify Local Authorities until week commencing the 23rd March. Budgets have been set and the additional cost of administration will produce budget "cuts" if Councils are asked to find this funding themselves from within their HRA.

ARCH members welcome the Government's recognition that costs will fall on the General Fund and, once again, would request that full reimbursement to

Local Authorities takes place for the additional costs that they will have to bear.

ARCH would ask that where Authorities have agreed to accept the Government's offer of support to enable rents to be reduced that in future years they are not inadvertently penalised by not imposing a 6.2% rent increase in 2009/10.

ARCH would urge the Department to begin consultation on the principles to underlie Guideline Rent for 2010/11 at the earliest possible moment, so that the assumption set out in the covering letter to the Determination 2009/10 of an increase in national guideline rent of 6.2% can be confirmed or amended well in advance of the 2010/11 rent-setting process. This would facilitate more meaningful financial modelling and early consultation with tenants.

A further issue of concern to ARCH members is the extension of the dates for Rent Convergence. The proposed Guideline Rent Formula in the draft Subsidy Determination, if adopted, would extend the period for Rent Convergence with RSL's from 15 years to about 19 or 20 years. We believe this would impact on local authorities rental income streams in the future and therefore on their ability to provide services to tenants. The long term impact must be considered when establishing the final determination.

Finally, ARCH would request that the Department of Works and Pensions should issue reassurance to Local Authorities that the treatment of changes to rents under the Government's proposal will not adversely affect the Authority's entitlement to Housing Benefit Subsidy.

Phil Brennan
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