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The Association of Retained Council Housing

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TENANTS AND RESIDENTS CONFERENCE
Review of council housing finance



Purpose of Review

- **Sustainable, long term system for financing local authority housing, consistent with wider housing policy**
- **Sustainable system should:**
 - ✓ **Be fair and affordable to tenants and taxpayers**
 - ✓ **Deliver agreed minimum standards**
 - ✓ **Incentivise landlords to improve quality/efficiency**
 - ✓ **Be a platform for social and economic mobility**
 - ✓ **Avoid unacceptable fiscal risks**
 - ✓ **Result in more certainty and less volatility in funding of council housing.**

Activity so far

- **4 workstreams**
 - ✓ **Costs and standards**
 - ✓ **Rents and service charges**
 - ✓ **HRA rules**
 - ✓ **Funding mechanisms**
- **Expert/practitioner/tenant/regional workshops**
- **Research, Surveys, q'aires, focus groups**
- **Narratives, CIH e-forum, CLG website**

- **Report to Ministers (CLG/HMT) Spring 2009**
- **Inform next Spending Review**

Costs and Standards

- **System is underfunded, becoming unsustainable and unstable – but lot of local variation**
- **Comparison of costs between landlords complex**
- **Expectations high – ‘mission creep’ - flexibility**
- **Can we define core and non-core services**
- **Setting new standards of service – TSA?**
- **Setting new decent homes standard?**
- **Does local control = better planning, more responsive to residents, greater efficiency?**

Rents and Service Charges

- Rent restructuring - improved consistency
- But inflexible – and convergence target less clear
- Different practices/incentives for RSLs/Councils
- Affordability? – ratio rents/incomes same as 2001
- Annual increases above inflation controversial
- Tenants not involved in rent decisions
- How should rents reflect:
 - The ‘need to spend’
 - Non-core costs, debt, GF services, new supply?
 - Variation in rents to reflect location and size
- De-pooling and service charges inconsistent

HRA Rules

- **Ring fence has general support – but where should the boundary be?**
- **Wide variation in practice – tenants pay twice**
- **Increasing diversity of tenure on estates**
- **Should HRA include capital and a balance sheet?**
- **Should there be a national HRA?**
- **Local retention of more capital receipts, and ring fence to housing?**
- **Issues around leaseholder charges.**

Funding Mechanisms

- **National redistribution needed because burden of debt and current costs varies from place to place**
- **Volatility must be controlled**
- **The benefits of local control and guarantees for tenants?**
- **Self-financing is one way forward – but no system viable with current allowances**
- **Options on debt: move debt to central Govt with a capital charge, redistribute between councils**
- **Could HRA subsidy system be abolished in a single sweep?**

Key debates

1. National v local system
2. Keep own rents v redistribution
3. National or local standards
4. National or local rent setting
5. Where should the HRA ring fence be set?
6. National surplus/deficit



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