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## **ARCH PRESS STATEMENT ON HRA CONSULTATION**

The Association of Retained Council Housing (ARCH) has welcomed the Government's consultation on reforming the Housing Revenue Account (HRA) subsidy system, launched yesterday by housing minister John Healey.

ARCH's secretary, John Bibby, director of housing and community services at Lincoln City Council, commented:

'ARCH has lobbied hard on behalf of its members and residents of stock retained authorities for a fairer, more stable and transparent housing finance system. The proposals set out in this consultation paper take us a lot further along the way toward achieving that objective.

He continued: 'In particular we welcome the minister's desire to devolve control to local government and see councils play a bigger part in delivering new affordable homes. Proposals to allow councils to keep rental income and capital receipts from newly-built or newly acquired dwellings are especially significant in helping meet local needs.'

The Government's proposals for reform centre around two broad models:

- Improvements to the national system for funding council housing in which there still remains a degree of central government control.
- a devolved system (self-financing) in which rents are retained by councils at a local level in return for a one-off reallocation of debt.

ARCH believes that the most sensible model would be to move to a devolved system under the self-financing option - placing more control and more responsibility with local government and local people.

Mr Bibby said: 'The key to achieving this will lie in how the proposal to calculate the proposed one-off reallocation of housing debt will affect each authority. At this stage this is unclear.'

ARCH will be consulting its members on the proposals set out in the consultation paper with a view to achieving consensus in its response to this option.

Mr Bibby continued: 'We welcome the minister's desire to work with local authorities to move swiftly and to set out the terms an offer by Spring 2010. ARCH looks forward to contributing to this work. However, we are very concerned at the indication that otherwise the reforms necessary may not be brought forward until 2012-13 - some five years after the review of council housing finance was first announced.'

'We are pleased to see a recognition in the consultation paper that even if a national system for funding of council housing is to remain, the Government has acknowledged that the provision for management and maintenance costs need to be increased by 5% above current levels and that the Major Repairs Allowance for tackling new arising investment needs should be uplifted by an average of 24%. This reflects ARCH's view that despite significant increases in investment in recent years to deliver the Decent Homes programme, much more needs to be done to maintain and improve that standard beyond 2010 to protect the investment already made and to improve common areas of estates and improve energy efficiency of the housing stock.'

Responses to the consultation paper are sought by 27 October.

ARCH will be examining the proposals in more detail over the coming months and consulting with its members. The Association looks forward to continuing to work with the Department for Communities and Local Government to introduce a fairer, more stable and more transparent housing finance system.

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