

# Councils to seize house-building role



ARCH has welcomed the Prime Minister's pledge to remove barriers that are stopping councils building new homes photo NLGN

ARCH has warmly welcomed signals from central government that local authorities could play a significant part in meeting national house-building targets.

Prime Minister Gordon Brown's speech to the New Local Government Network conference indicated that ministers are taking the potential of councils as builders of new homes seriously for the first time in decades. He said councils should be given greater opportunities to play a 'bigger role in housing' and that his Government would be prepared to 'put aside any of the barriers that stand in the way' of them doing so.

This was preceded by housing minister Margaret Beckett's announcements on proposed changes to capital and revenue rules to enable councils to retain more rental income from new council housing and have more resources to allocate to building homes (see right).

ARCH's national chair, Cllr Milan Radulovic, portfolio holder for housing at Broxtowe Borough Council, commented: 'These recent announcements indicate that local authorities will finally be able to make a meaningful contribution towards achieving government targets for three million new homes by 2020.'

'This is good news when there are 1.8m people on waiting lists for housing and latest figures show repossessions are expected to reach 75,000 this year. It is also good news for the economy in these difficult times as council building could give locally based construction workers a much-needed shot in the arm.'

Ministers' promises now need to be 'turned into action', however, Cllr Radulovic added: 'Councils need substantial further powers, incentives and access to resources such as social housing grant, to enable those authorities that wish to build to fulfil their potential.'

ARCH would like to see the new capital and revenue rules proposed by Ms Beckett, which currently apply to a limited number of properties, broadened out as widely as possible. It is urging members to put forward schemes to test out what restrictions will apply.

## New revenue and capital rules: share your views

ARCH members have received a briefing on the Department for Communities and Local Government's consultation on changes to revenue and capital rules for new build, announced by Margaret Beckett.

We are co-ordinating members' responses to *Changes to the revenue and capital rules for new council housing; Consultation on excluding new council housing from Housing Revenue Account Subsidy and Pooling*. The Government's final deadline for responses to the consultation is 17th April 2009.

ARCH intends to respond to this consultation on behalf of members and asks for all comments to be incorporated in its response to be submitted before 31st March.

Please contact Gayle Gibson at Wandsworth LBC. Email: [ggibson@wandsworth.gov.uk](mailto:ggibson@wandsworth.gov.uk)

## FINANCING COUNCIL NEWBUILD: FROM WORDS INTO ACTION

Free event - House of Commons, 26th March

ARCH members are invited to a free event on 26th March to look at new build opportunities and barriers in light of recent government announcements.

ARCH has teamed up with the Association for Public Service Excellence, which represents 260 councils providing front-line services across the UK, to enable members to examine key issues facing stock retainers wishing to build.

The format will entail an 'expert panel' style debate and audience discussion at the Jubilee Room, House of Commons, followed by lunch and detailed workshops at the Local Government Association headquarters.

Topics covered will include:

- The new national agenda for council building
- Prudential Borrowing
- Access to Social Housing Grant
- Consultation on revenue and capital rules
- The legal perspective
- How councils are financing new building: Case studies

Full details will be sent to all ARCH members along with booking forms.

## AGM 29 June, London

Having canvassed opinions, the majority of ARCH members have said 29th June at the LGA in London would be the most convenient time and venue for this year's AGM.

Please put this date in your diaries as 2009-10 will be a crucial year for ARCH and the future of council housing. Details to follow.

# Southwark on board

London Borough of Southwark – the fourth largest local authority landlord in the UK with 55,000 properties – has become the latest stock retainer to join ARCH. Cllr Kim Humphreys, executive member for housing, explains why.



The Aylesbury Estate: one of the larger housing estates and site of a major regeneration project occurring in the heart of Southwark



Despite the movement among local authorities to ALMO status or stock transfer, Southwark's tenants made it clear that they wished to remain with the council. The reason they gave was that they thought housing should remain under democratic control and be part of wider service provision.

We, as an authority, feel that stock retention is a positive choice. This is our main reason for joining ARCH. We want to explore the implications of stock retention, and work collectively to make sure our interests are represented at the highest level of central government. We want to benefit from sharing best practice and learn from the experiences of other members.

We look forward to working with councils who are as proud of their stock retained status as we are.

## Southwark Factfile

- 4th largest local authority landlord in the UK
- 55,000 properties managed
- 14,000 leaseholders
- 40,000 tenants
- Total population 274,400
- 46% households in social housing
- Council housing 33.7% of total public and private stock
- 11.9% RSL/HA dwellings
- 26th most deprived borough nationally
- 63% White British + Irish and 37% Black and Minority Ethnic population
- More than 150 languages are spoken in Southwark schools

## Tenants' network into action

A national tenants' and residents' network for stock retainers is now established and its guidelines have been agreed.

The ARCH tenants' and residents' sub-group, which will work closely with Marlene Price, the executive board's resident representative, held its inaugural meeting during the HRA consultation event in November. It will come together again at Friends Meeting House in London, from 11am-2pm on 16th March.

The main agenda item for the London meeting will be shaping the content of ARCH's forthcoming annual tenants' and residents' conference, which will take place in April. The meeting will provide an opportunity for tenants and residents

to finalise the groups' terms of reference and agree priorities for their future activities as a network. They will also examine affiliations with other national tenants' organisations.

The project to enhance ARCH's tenant participation and governance is being led by Marilyn Thornley, special projects manager at the Tenant Participation Advisory Service (TPAS). Fifteen residents have been recruited so far, and work is under way to ensure the group fully reflects ARCH's regional structure.

*If any tenants or residents are interested in considering joining the sub-group, please contact: Marilyn Thornley. email: marilyn.thornley@tpas.org.uk. tel: 01204 465889. mobile 07970694948.*

## Talking to the TSA

The Tenant Services Authority (TSA) and ARCH are in dialogue about the impact of the new regulator on stock retained councils.

ARCH executive board members John Bibby, director of housing and community services at Lincoln City Council, and Ted Czerniak, director of housing and leisure at Broxtowe BC, met with Richard Sorensen, head of regulation at the TSA, on 16th February for initial discussions about the implications of the new body.

Mr Sorensen is urging ARCH members to respond to the first round of the National Conversation, which is encouraging social housing tenants to air their views, before the deadline of 11th March.

*For further information on the National Conversation: [www.nationalconversation.co.uk](http://www.nationalconversation.co.uk)*



**Marlene Price**, (left) resident representative on the ARCH executive board headed up the inaugural meeting of the tenants' and residents' sub-group, on 24th November 2008, alongside **Marilyn Thornley**, (right) TPAS special projects manager. Mrs Price said: 'Tenants and residents who came along are enthusiastic about having their say on HRA and other concerns and I look forward to working with them.' Pauline Walton, representing Canterbury City Council residents, said: 'It gives ARCH tenants a chance to give views on questions that are being considered and have a stronger voice in the national tenants' movement.' photos: Mark Chilvers

# Ten steps to better finance

*John Bibby, director of housing and community services at Lincoln City Council and secretary of ARCH, suggests ten key principles that should underpin the association's blueprint for a reformed HRA system and encourages members to give their feedback.*



**Coming together to shape the HRA:** Tenants, officers and councillors from stock retained authorities came together to help formulate the association's response to the review of the HRA Subsidy System at the ARCH consultation event in London on 24th November.

John Bibby is pictured (right) leading a workshop on rules governing the HRA. Ken Florey, of Wandsworth LBC, is pictured (left) leading a workshop on the rents and service charges aspects of the HRA. Other workshops covered: costs and standards for social housing; and mechanisms for delivering funding. Keynote speakers included Anne Kirkham, who is overseeing the review at CLG, Roger Jarman of the Audit Commission and Steve Partridge of Housing Quality Network.

Ensuring tenants' and residents' views are heard as part of the review process is vital to developing a fairer model, in ARCH's view. Jennifer Holmes, representing West Lancashire DC residents, said: 'At present, it feels like people in council housing are the poor relations. They want to know why they can't have the same deal as residents in other social housing.'

**The question of how council housing should be financed has gained increasing prominence since the Communities for local Government (CLG) and Treasury launched their joint review of the Housing Revenue Account (HRA) subsidy system almost a year ago.**

Both the profile of council housing in general and of ARCH in particular has been raised during that time. The door we are pushing at now appears more open than it has been in decades. CLG has recognised the ongoing role of stock retainers and the Prime Minister's recent announcements on local authority housing will hopefully reverberate across Whitehall. We need to seize the momentum that has gathered.

We on ARCH's executive board have spent the past year developing an approach to the review which reflects the cross-party political nature and diverse financial, geographic and socio-economic positions in which our member authorities find themselves.

Our involvement with a range of working parties looking at specific aspects of the HRA (see back page for details); the telephone survey of members that was conducted last summer; and discussions which took place at the Chief Housing Officers' Conference in Warwick and consultation event in November (see above) have all helped formulate a

consensus on what ARCH members want. Based upon such deliberations, the executive would like to suggest ten key principles upon which the blueprint for a new system we submit to the review should be based. In summary, these are:

- 1) The first principle upon which everyone agrees is that the old system is defunct and incomprehensible. Any new system must be transparent for tenants, who want their rents to be spent locally; not regionally or nationally.
- 2) ARCH members think the HRA should be ring-fenced. While current flexibilities are appropriate, as a general principle, there should be discretion to be able to re-invest in regeneration and affordable housing and to meet Decent Homes Standards. There should also be more consultation with tenants over cross-over of resources.
- 3) Any new system must be less volatile than the existing regime and allow for long term business planning.
- 4) A self-financing option must also provide sufficient income, with subsidy if needed, to meet management, maintenance and supervision costs and allow for investment in the stock.
- 5) If a national HRA remains in place any surplus must be re-invested in HRA-

related expenditure.

- 6) The current subsidy system does not support prudential borrowing for investment, and this needs to be addressed – particularly in light of recent signals that councils will be encouraged to build new homes.
- 7) While stock retainers require more local control over rents, level of services and level of maintenance and investment, it is commonly accepted that national minimum standards are necessary for housing and management.
- 8) We would support an incremental increase in minimum criteria, such as a Decent Homes Plus standard, incorporating environmental criteria, but this would need to be reflected in the new finance regime.
- 9) We accept the need for a national rent framework and formula to reflect size and location, but we believe that greater flexibility is required to vary rents using agreed tolerance levels to achieve locally agreed standards in consultation with tenants. We also believe there should be sufficient flexibility on service charges.
- 10) Finally, close consideration must be given to transitional arrangements. We are looking more closely at the implications of models for addressing historical debt, including redistributive models, and transitional arrangements for moving from one system to another.

Workstreams set up to examine aspects of the system in depth have now come to an end. CLG is currently undertaking financial modelling work and awaiting the results of research projects it has commissioned. Civil servants are hoping to report to ministers by late March.

These principles I have outlined will inform the basis of ARCH informal response to the HRA review, which we have been asked to submit. ARCH has commissioned housing finance expert Steve Partridge of the Housing Quality Network, to help formulate its formal response to the Review.

As always, it is about working collectively to influence the best possible outcome for stock retainers nationally. ARCH is seeking views from its members on how these issues affect them and their local communities. This is a chance to get the interests of stock retainers and their tenants and residents heard at the highest level. We look forward to hearing from you.

*email: [ARCH@lincoln.gov.uk](mailto:ARCH@lincoln.gov.uk)*

# Exploring the benefits of stock retention

ARCH has commissioned research to explore the holistic benefits of stock retention in meeting a wide range of strategic local government objectives.

Work will be under way this spring to identify ways in which local authority ownership and management of housing helps contribute to wider goals including: promoting community engagement; tackling crime and anti-social behaviour; addressing environmental issues such as climate change; place-shaping; health and

education; and services for elderly and vulnerable residents.

The research will seek to map the links between direct housing provision and strategic priorities in local authorities and identify where advantages lie both corporately and for residents, using surveys and case studies.

Bob Livemore, Executive Manager of Housing and Property Maintenance Services at West Lancashire District Council, is the ARCH executive board member who will be overseeing the project.

He said: 'Stock retainers often take for granted the benefits that council owned and managed housing provides in terms of joining up services and strategies across communities. This research aims to tangibly demonstrate those holistic benefits.'

*ARCH members who are interested in participating in surveys and case studies, please contact Nicola Carroll.*

*nicolajcarroll@btinternet.com*

*Tel: 01422 842470.*



Bob Livemore of West Lancashire DC will be overseeing research on the holistic benefits of stock retention.



Such a joined up approach is demonstrated in West Lancashire by activities such as the clean up campaign day in Birch Green (left). This joint venture with police, school children, local tenants' and residents' groups and officers of the council proved very successful.

## ARCH diary dates

16th March	Tenants and residents' sub-group, London
26th March	Financing house-building event, London
31st March	Deadline for responses to ARCH on revenue and capital Consultation
17th April	Deadline for responses to CLG on revenue and capital Consultation
April [date tbc]	ARCH annual Tenants' and Residents' Conference
16th June	ARCH reception at CIH Annual Conference, Harrogate
29th June	ARCH AGM, London

*For further details on these events, to comment on any of the issues covered or contribute items to future editions of ARCH News, please contact Nicola Carroll.*

*email: nicolajcarroll@btinternet.com Tel: 01422-842470.*

## Reception at CIH Harrogate

ARCH members are invited to an informal reception at the Cairn Hotel in Harrogate on 26th June at 5pm, during the Chartered Institute of Housing annual conference. Further details and invitations to follow.

## What is Arch?

The Association of Retained Council Housing 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 get the best deal for their tenants.

### WHAT DOES ARCH DO?

- Promotes best practice
- Listens to the views of tenants
- Represents collective interests of stock retained councils nationally
- Lobbies for a fairer, clearer finance system to allow councils to provide affordable homes in a sustainable way
- Demonstrates the benefits of retained stock in meeting wider local and national priorities

### WANT TO KNOW MORE?

For further information on ARCH membership contact:

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