

Sandwell Metropolitan Borough Council

21 July 2015

Notices of Motion – Response

1. Summary Statement

- 1.1 The Council regularly considers notices of motion submitted by members under Standing Order No 7.
- 1.2 The Council supported a motion asking for representations to be made to Members of Parliament in relation to Social Housing Under Threat (SHOUT) campaign.
- 1.3 A response has been received in respect of the motion and is appended to this report.

2. Recommendation

- 2.1 That the response to the approved motion be received.

Neeraj Sharma
Director – Governance

Contact Officer
Trisha Newton
Governance Services Lead
0121 569 3193

3. Strategic Resource Implications

- 3.1 There are no strategic resource implications arising from this report.

4. Legal and Statutory Implications

- 4.1 Standing Order No 7 provides that any member of the Council may give notice of not more than one motion for consideration at any ordinary meeting of the Council and sets out the process for dealing with the motion. The motion can only be accepted if it relates to matters for which the Council has powers, duties and responsibility, or which affect the Borough or a part of it, or some or all of its citizens.

5. Implications for the Scorecard Priorities

- 5.1 In supporting these motions, the Council is contributing to the scorecard priority of Great People – supporting vulnerable people. Councillors submitting these motions are demonstrating their local leadership role, acting as a voice for their local community and expressing local concerns.

6. Background Details

Social Housing Under Threat (SHOUT) campaign

- 6.1 Council at its meeting on 15 October 2014 agreed the following motion in relation to Social Housing Under Threat:

“This Council is asked to support:-

- (i) the SHOUT (Social Housing Under Threat) campaign which was launched on 18th June 2014;
- (ii) SHOUT and agree that building social housing is at the core of tackling the housing crisis nationally and locally in Sandwell and that social rented housing meets needs that other tenures cannot address.

This Council also notes that:-

- (i) under the Coalition Government the funding of social housing has become increasingly marginalised with the latest prospectus for bidders from the Homes and Community Agency stating that ‘social rent provision will only be supported in very limited circumstances;

- (ii) the Coalition Government's affordable rent programme linking grant funding to rents of up to 80% of market rents is quite simply unaffordable and there is evidence that even setting affordable rents of 65% of local market rents is putting homes out of reach of many in Sandwell. Social housing faces great challenges in meeting the needs of those affected by welfare cuts and rule changes over the last three years, including the damaging 'bedroom tax' and increased pressure from the escalating number of Council homes lost through the Right to Buy after the significant increase in discount in April 2012 from the Coalition Government.

This Council therefore resolves:-

- (i) that the Chief Executive and Leader of the Council write to the MPs representing Sandwell, outlining the case for a social rent level of 60% of local market rent as 'affordable' for current and potential Sandwell Council tenants, and requesting their support for this and lobbying of the Minister for Communities and Local Government to ensure the affordable housing programme favours a Sandwell Social Rented Programme;
- (ii) to support the work of the SHOUT campaign and take a lead in affirming the positive value and purpose of social rented housing."

6.2 Following representations to local MPs, Tom Watson MP wrote to Brandon Lewis MP, Minister of State for Housing and Planning. A copy of the response received from Brandon Lewis MP is attached.

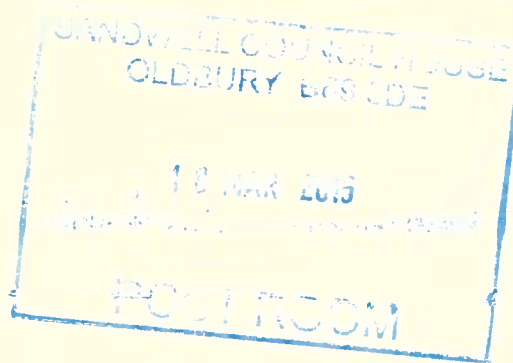


IL1: PROTECT

HOUSE OF COMMONS

LONDON SW1A 0AA

Mr Jan Britton
Chief Executive
Sandwell Council
Council House
Oldbury
B69 3DE



12 March 2015

Dear Mr Britton,

Further to our previous correspondence about the Social Housing Under Threat (SHOUT) campaign and social rents, please find enclosed a copy of the response I have received from the Minister of State for Housing, Brandon Lewis MP.

If I can be of any further assistance, please do not hesitate to get back in touch, by contacting my constituency office at Terry Duffy House, Thomas Street, West Bromwich B70 6NT, email tom.watson.mp@parliament.uk or telephone 0121 569 1904.

Yours sincerely

Tom Watson
Member of Parliament for West Bromwich East



Department for
Communities and
Local Government

Tom Watson MP
House of Commons
London
SW1A 0AA

Brandon Lewis MP
Minister of State for Housing and Planning

**Department for Communities and Local
Government**
Fry Building
2 Marsham Street
London
SW1P 4DF

Tel: 0303 444 3430
E-Mail: brandon.lewis@communities.gsi.gov.uk

www.gov.uk/dclg

Our Ref: 779742

Dear Tom Watson MP,

- 4 MAR 2015

Thank you for your letter of 30 January enclosing correspondence from Jan Britton Chief Executive of Sandwell Council, regarding the Social Housing Under Threat (SHOUT) campaign and social housing rents.

Affordable Rent model was introduced to support the provision of new affordable housing. It is designed to maximise the delivery of new, much needed affordable housing by making the best possible use of constrained public investment. Under the current Affordable Homes Programme (2011-15), the affordable rent model has enabled the average upfront cost to the Government of new affordable home to fall from around £60,000 per home to around £24,000 per home. Affordable rent therefore allows us to build more homes for every pound of upfront Government investment than social rent – meaning more people in housing need can access a sub-market rent.

For new homes under the Affordable Homes Programmes, landlords are expected to consider the local market context when setting rents and this includes the relevant Local Housing Allowance for the area in which the property is located. As set out in the Programme prospectus, there may be exceptions in specific circumstances where registered providers can demonstrate that it is appropriate to set rents at less than 80% of gross local market rents whilst still meeting local needs. Examples of this could be where the local rented market was considered to be particularly weak or fragile, or where 80% of market rent exceeds or is close to the relevant Local Housing Allowance, providers may consider setting the rent at the LHA level. We would strongly encourage the Council to discuss their proposals for setting a lower rent level with the Homes and Communities Agency, and how they would propose to meet the costs of delivering the agreed number of new homes, based on their assessment of local conditions and needs.

The Government's Housing Revenue Account reforms have given councils greater freedoms over their housing, including the ability to keep their full rental income to spend on managing and maintaining their homes. We expect councils to make full use of the opportunities they now have to make best use of their stock. With the certainty on rent increases of CPI + 1% for ten years, councils will now be able to plan strategically, and should be in a strong position to invest in more new affordable homes that are needed.

I appreciate that in general, rents for Affordable Rent properties are higher than social rent. However, it still provides significantly cheaper accommodation for more people than they

would otherwise obtain renting in the private rented sector; and housing benefit is available to help those in need meet their housing costs.

I see from Mr Britton's letter the Council are concerned about the loss of Council stock through the Right to Buy scheme. However, this Government is committed to ensuring that people can achieve their aspiration for home ownership and the Right to Buy is a key part of this commitment. The reinvigorated scheme has brought home ownership within reach of a new generation of tenants and over 33,000 families have been helped into home ownership through the scheme since April 2012.

The Right to Buy is an important contributor to new housing supply, with additional properties sold under the scheme being replaced with new affordable houses. This is a significant distinction from the way the scheme operated in the past. A total of over £1.7bn has been generated in Right to Buy receipts since April 2012. Over £730m has been received by councils to be re-invested in house building – which in turn is expected to lever in a further £1.7billion in investments in new stock over the next two years. This means that in total over £2.4billion will be raised to invest in affordable house building as a result of the reinvigoration of the Right to Buy scheme.


PP BRANDON LEWIS MP

SIGNED ON BEHALF
OF MINISTER IN
HIS/HER
ABSENCE