

CWAG Response - RSH Consultation on changes to the fees regime

Responses to relevant questions submitted using on-line form.

Question: Do you agree with our proposed approach to setting annual fees for large local authority registered providers, set out in paragraphs 6.5 - 6.8 of our consultation document?

Response: Disagree

Please provide comments if you wish to explain your response

Whilst the general principle of an annual fee set by reference to the number of social housing units owned by that provider is accepted, the proposed fees are high. It is important to recognise that any fees charged will be funded from tenants rents and will reduce the resources available for other tenant priorities.

It is also unclear how the proposed initial fee range has been calculated and will ultimately be set. How has the decision on the total required budget been established and how can providers have confidence that this represents value for money? In addition, the proposals do not include a transparent mechanism for revising fees in future years.

The general principles set out in the consultation state that the proposals aim to ensure that local authorities aren't paying for the regulation of private registered providers, or the reverse. This is an important principle, but it is unclear how this will be demonstrated / delivered. For example – it is proposed to charge a differential of between £1 and £4 between LARPs and PRPs. Under current arrangements PRPs pay £5.40 per property for economic regulation. LARP will not be subject to economic regulation, so it is reasonable to expect the fee differential to reflect the cost of economic regulation in the PRP sector. A key principle is that providers will be charged in a fair and transparent way as well as being predictable - these aspects have not been fully set out.

Question: Do you agree with our proposed approach to setting annual fees for small local authority registered providers, set out in paragraphs 6.13 - 6.15 of our consultation document?

Response: Agree

Question: Do you agree with our proposed approach to setting annual fees for groups where the parent is a private registered provider set out in paragraphs 6.16 - 6.17 of our consultation document?

Response: Agree

Please provide comments if you wish to explain your response

The status of an ALMO that is also an PRP linked to a LARP parent is unclear.

Question: Do you agree with our proposals for publishing information annually on our costs and fees, set out in paragraphs 7.1 - 7.3 of our consultation document?

Response: Disagree

Please provide comments if you wish to explain your response

We would like to see greater transparency around budgets and value for money. In terms of cost and fees increases it should be explicit that fee increases will be linked to agreed limits on LA rent increases. Otherwise, there may be a discrepancy between the two whereby LA's end up out of pocket.

Question: Do you agree that we should continue with the Fees and Resources Advisory Panel adding local authority representatives to its membership, set out in paragraph 7.4 of our consultation document?

Response: Agree

Please provide comments if you wish to explain your response

The consultation does not set out the number and basis on which local authority representatives will be added to the Fees and Resources Advisory panel's membership. Councils with ALMOs Group as the representative of a group of local authorities would be interested in panel membership.

Question: Do you have any comments on our business engagement assessment or the impact of our proposals on equality and diversity?

The Business Engagement Assessment is based on the assumption that the proposed fee level for large providers 'represents just 0.2% of the average annual social net rents per unit' and as such 'will remain affordable to these providers and should not significantly impact on services to tenants'. However, council HRAs are subject to increasing financial pressure and for large local authorities the level of fees proposed is significant and comes in addition to new charges in respect of the Ombudsman scheme. As a consequence, there will inevitably be an impact on councils ability to do other things within their landlord remit. In addition, the lack of an identified and transparent mechanism for setting and uplifting fees is a source of uncertainty in terms of ongoing business planning.