

Social rent cap must not leave councils out of pocket, say Green Party councillors



12 October 2022

Green Party councillors who are members of ruling administrations in England have written to Simon Clarke, the Secretary of State for Levelling Up, Housing and Communities, asking for a guarantee that councils will not be out of pocket as a result of the proposed cap on social rents. They also point to how local authorities would be undermined without a corresponding cap on private sector rents.

A government consultation ends today, which has sought views on proposals to cap social housing rent increases for the coming financial year, with options at 3%, 5% and 7% being considered [1].

In their letter to the Secretary of State [2], the councillors say:

“In our view, a government-imposed cap on social rents is not the way to address the cost of living without equivalent action on private rents. We are living through a housing crisis, with private sector rents becoming increasingly unaffordable in many parts of the country. To cap social rents while taking no action in the private sector and failing to provide local authorities with additional funding would undermine local authorities’ ability to build or purchase affordable homes, just when they are most needed to house those least able to afford inflated private sector rents.”

Councillor Douglas Johnson, who is Chair of Housing Policy Committee on Sheffield City Council, said:

“Without extra funding, the cost of any social rent cap will be borne by local councils and their tenants. This would mean less money for councils to spend on crucial services and maintenance; less support available to those in serious hardship and reductions in essential insulation work to reduce tenants’ bills. We need a guarantee that the government will stump up the extra cash needed to fund a rent freeze and a guarantee that councils will not be out of pocket.”

Notes

[1]

<https://www.gov.uk/government/news/rent-cap-on-social-housing-to-protect-millions-of-tenants-from-rising-cost-of-living>

[2] **Letter to Simon Clarke, Secretary of State for Levelling Up, Housing and Communities:**

Dear Simon,

Proposed Rent Cap on Social Housing

We are writing as Green Party chairs of committees, Cabinet members for housing responsibility and elected councillors in local government, about the proposed rent cap. Although the Association of Green councillors has responded directly to the formal consultation, we wanted to set out clearly our concerns about the impact on our tenants.

At a local level, we are acutely conscious of, and acting on, both the cost-of-living crisis and inflation in materials and labour. Our frustration is that we are yet to see a clear plan emerging from central government to do the same.

In our view, a government-imposed cap on social rents is not the way to address the cost of living without equivalent action on private rents. We are living through a housing crisis, with private sector rents becoming increasingly unaffordable in many parts of the country. To cap social rents while taking no action in the private sector and failing to provide local authorities with additional funding would undermine local authorities' ability to build or purchase affordable homes, just when they are most needed to house those least able to afford inflated private sector rents. This would, we feel, also undermine the laudable work achieved through "Everyone In." The government's proposal means a massive real-terms cut in the resources so desperately needed for social housing, to the detriment of all council and housing association tenants.

You will be aware, of course, that the majority of social housing tenants – those in receipt of benefits – would not be any better off as a result of your proposal. Those not in receipt of benefits would see cuts in services and maintenance, less support available to those in serious hardship; and reductions in essential insulation work to reduce tenants' bills. The only real beneficiary of this move is central government, who we estimate will save about £4.3 billion over five years in housing benefit payments. Effectively, this cost will be borne by local councils and their tenants.

We welcome the consultation but would like to see a clear proposal on the support measures for local councils and their tenants. We are frankly disappointed that this consultation is only being run after the decision on the social rent cap has been announced.

Most significantly, we need to remind you that the effect of a below-inflation cap is to have ongoing effects year-on-year. Our request therefore is for central government to guarantee that councils will not be out of pocket either in this year or subsequently as a result of this hasty intervention.

We look forward to hearing from you in due course and would welcome a meeting to discuss our concerns and your response.

Yours sincerely,

Cllr Douglas Johnson, Chair of Housing Policy Committee, Sheffield City Council

Cllr Siriol Hugh-Jones, Deputy Leader and co-chair of Housing Committee, Brighton & Hove City Council

Cllr David Gibson, co-chair of Housing Committee, Brighton & Hove City Council

Cllr Lesley Whybrow, Cabinet Member for the Environment, Folkestone & Hythe District Council

Cllr Zoe Nicholson, Deputy Leader, Lewes District Council

Cllr Ellie Chowns, Cabinet Member for Environment and Economy, Herefordshire Council.

Cllr Robin Bennett, Deputy Leader, South Oxfordshire District Council

Cllr Andrew Cooper, Leader of the Green Group, Kirklees Council

Cllr Andrew Prosser, Cabinet Member, West Oxfordshire District Council

Cllr Steve Hynd, Housing Committee Member, Stroud District Council

Cllr Chris Jockel, Stroud District Council

Cllr Maleiki Haybe, Housing Policy Committee Member, Sheffield City Council

Cllr Denise Craghill, Executive Member for Housing, City of York Council

Cllr Gina Dowding, Cabinet Member, Lancaster City Council

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