

# **Consultation on changes to the fees regime**

# **Response of the Association of Retained Council Housing (ARCH)**

## About ARCH

The Association of Retained Council Housing (ARCH) represents councils of all parties that have chosen to retain housing and manage it themselves. Our 68 members manage over 575,000 homes.

We are grateful for the opportunity to respond to this consultation.

General Comments

These proposals reflect the combined effect of two important changes to the regulatory system – a major increase in the scale and cost of the regulator’s work, and a decision to pass on the full impact of this increase to registered providers and, in practice, to the rents paid by the tenants of their homes. While it has been clear for some time that the new regulatory regime would require an increase in the Regulator’s staffing and budget, at no time have local authorities or, as importantly, their tenants, been given the opportunity to scrutinise or comment on the staffing necessary to operate the new regime or its detailed cost implications. If local authorities and their tenants were to be expected to pay for the new regulatory regime, they should have been offered a say in its design and cost. Since this never happened, it is not acceptable for the Government or RSH to move immediately to full cost recovery through fees.

We would support the call made by the LGA and others for a zero-based review of the RSH budget to identify the necessary funding for the RSH to fulfil properly its functions, coupled with an external value-for-money study by the National Audit Office, both to be completed within the first two years of operation of the new regime, that is, no later than March 2026. Any such review should also consider whether there is excessive overlap between the work of the Regulator and the Housing Ombudsman. Any move to full cost recovery should be deferred at least until April 2026.

Local authority HRAs are already under severe pressure; in addition to the longstanding requirement to meet the decent homes standard they are now expected to meet new expectations in relation to building safety and energy efficiency, and to pay the increased fees now charged by the Housing Ombudsman. This situation has been well-evidenced, and we are expecting to meet DLUHC officials later in the year for a full examination of the implications leading, as a minimum, to agreement on a policy for future rent levels. We believe that this discussion needs to have concluded and reached a decision before it is feasible to decide on the merits of a move to full recovery of the costs of regulation.

Our responses to specific questions are confined to those relating to local authority registered providers.

Responses to specific questions

**1.** **Do you agree with our proposed approach to setting initial registration application fees?**

As registration of local authority providers is compulsory, we agree they should not be asked to pay an application fee.

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**2.** **Do you agree with our proposed approach to setting annual fees for large private registered providers?**

No comment.

**3. Do you agree with our proposed approach to setting annual fees for large local authority registered providers?**

No. The cost of regulating local authority providers should be met by Government grant for at least the next two years while the costs and benefits of the new regulatory regime and the principle of full cost recovery are fully examined, including by the National Audit Office.

**4. Do you agree with our proposed approach to setting annual fees for small private registered providers?**

No comment.

**5.**  **Do you agree with our proposed approach to setting annual fees for small local authority registered providers?**

Yes.

**6. Do you agree with our proposed approach to setting annual fees for groups where the parent is a private registered provider?**

No comment.

**7. Do you agree with our proposals for publishing information annually on our costs and fees?**

Yes.

**8. Do you agree with our proposed approach to continuing the Fees and Resources Advisory Panel?**

Yes, including the proposal to add local authority representation to the Panel.

**9. Do you have any comments on our business engagement assessment or the impact of our proposals on equality and diversity?**

No.