

To Swindon Borough Councillors

Re proposed Council rent increase

Dear Councillor,

We are writing to you in relation to the Council's proposal to raise Council rents by an average of 4.4% in 2013/14. We are asking you to oppose such a high increase which is well above inflation. If this proposal is carried at the full Council meeting it would mean that tenants would have suffered a combined increase of almost 20% in just three years. This is high by anybody's standards. Such an increase contrasts starkly with the proposal to freeze Council Tax for the second year. Why are tenants being treated differently to Council Tax payers? (We, of course, pay CT as well.)

Of all the years to propose an above inflation rent increase this one is the worst. It coincides with the benefit 'reforms' which will hit some working age tenants hard. Around 1,100 tenants will be caught by the 'bedroom tax' and by the decision of the Council to make all Council Tax payers pay at least 20%, regardless of their circumstances. The victims of the bedroom tax will thus suffer the added blow of having to pay Council Tax (previously covered by Housing Benefit) on top of 14% or 25% of their rent. Those on Job Seekers Allowance will have to pay, in some cases, well over £20 a week from the miserable pittance of £71 a week which they are expected to live on. Those under 25 will have to pay the 14% or 25% of their rent, and 20% Council Tax, out of the even lower sum of £56 a week. Even those who have asked for a move will still have to pay if the Council cannot find them a smaller home. There are in fact more than 5,000 households who qualify for one bedroom (those who will have to pay the bedroom tax and those on the waiting list). At the current rate at which the Council is handing out one bedroom tenancies it would take 50 years to accommodate all these people, and that's only if the waiting list was closed down.

The argument in favour of an above inflation rent increase is that under the new 'self-financing' system the financial settlement was based on the government's assumption that rents would be raised by the 'convergence' level up to 2015-16. This was the national rent formula introduced by the previous government which sought to drive up Council rents until they reached the same level as those of Housing Associations.

However, in reality 'convergence' is now dead and the Council has the freedom to set its own rent level. This is reflected in the fact that one of the options which the Council put forward in the consultation was for a rent freeze. It no longer *has* to follow the formula.

It is certainly true that the higher the rents then the more money would be available for work on our homes. However, the danger is that if above inflation increases are pushed through this year (and the next two) then the Council will be pushing those tenants forced to pay the 'bedroom tax' and those not on housing benefit to the financial edge. Council housing is, after all, supposed to be *genuinely* affordable housing. The higher the rents are pushed the more likely is an increase in arrears as high rent increases become the straw that broke the camel's

back. Economic circumstances are difficult enough with other financial pressures such as the decline in the value of wages, the high inflation for essentials such as food, water and heating and the worsening employment situation. The Council has already programmed in an increase in arrears as a result of the 'reforms', *prior* to a decision on rent.

There will still remain sufficient income to carry out the necessary work on our homes. Indeed the way that the debt is managed can have a massive impact in what work the Council can carry out. For instance, the proposal (carried in March of 2012 without any discussion with tenants) to transfer £8 million from the Housing Revenue Account to the General Fund was directly responsible for the low projections of 150 bathroom and 150 kitchen renewals for 2013/14. Merely changing the transfer from £8 million to £5 million would enable the programme for these to be tripled to 450 of each, and still have £700,000 left over from the £3 million extra, for other work. The reduction of this transfer to £5 million will make a big difference.

So in light of the circumstances that tenants face we are appealing to Councillors to oppose this above inflation rent increase and at the very least to support an increase no higher than RPI (2.6%), as the Housing Advisory Forum has called for.

Martin Wicks

Swindon Tenants Campaign Group

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