

APPENDIX E



**Rt. Hon. Grant Shapps MP
Minister for Housing and Local Government
Department of Communities and Local Government
Eland House
Bressenden Place
London SW1E 5DU**

London Borough of Southwark
PO Box 64529
London SE1P 5LX

18 November 2011

Dear Minister,

LIKELY RENT LEVELS 2012/13

I am writing to you to express my concern regarding the impact September RPI of 5.6% will have on rent levels in Southwark.

As you are aware Southwark has adhered to the principles of rent restructuring since its introduction in 2002. However in order to set rents strictly in accordance with the rent restructuring methodology – a particular challenge for London authorities – this will most likely mean an average rent increase of around 8.4% in 2012/13.

We are concerned about the impact an increase of this size will have on tenants at a time when people are struggling to cope with increased living costs. We are calling for additional relief to be made available to mitigate the impact of this increase without putting at risk the transition to self-financing.

Given that the Debt Settlement is based on assessments of the rental stream of the council over the next 30 years, unilateral reductions in anticipated rent increases now will present a clear threat to the long-term financial health of our Housing Revenue Account.

We believe the calculation of the Debt Settlement should be amended as part of the impending Determinations from your department; or an equivalent scheme is set up for local authority landlords broadly similar to the model adopted by the Government in order to implement the 2011/12 Council Tax freeze.

It is absolutely essential that alternative means are explored in order to help tenants and guarantee the launch of self-financing from a robust financial base.

I look forward to hearing from you.

Yours sincerely,

**Councillor Ian Wingfield
Deputy Leader of Southwark Council, and Cabinet Member for Housing
Management**

Cc. Rt. Hon Simon Hughes, MP for Bermondsey and Old Southwark
Rt. Hon Harriet Harman, MP for Camberwell and Peckham
Rt. Hon Tessa Jowell, MP for Dulwich and West Norwood

1W-1125



Cllr Ian Wingfield
Deputy Leader of Southwark Council
LB Southwark
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The Rt Hon Grant Shapps MP
Minister for Housing and Local Government

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Our Ref: GS/GS/042796/11

Dear Ian,

07 DEC 2011

RENT LEVELS 2012/13

Thank you for your letter of 18 November concerning the impact of RPI on next year's rent rises.

As you are no doubt aware, we are currently consulting with local authorities on the detailed arrangements for self-financing, the Government's major reform of the council housing finance system which will go live from April next year. The consultation includes assumptions we will make about council rents for 2012-13. Income assumptions in the self-financing model are based on the existing rent policy. A change to rent policy would either leave councils with less to spend on their housing, or would need to be funded by Government from other programmes, which would be unaffordable.

Self financing will give councils the freedom they need to be innovative and ambitious. It will also provide councils with substantially more money to spend on local housing and services to tenants. Rents should be seen as part of a comprehensive package of reforms which will deliver a long term, securely funded future for council housing.

The Government does appreciate that rent increases are of concern to all tenants and the rents we expect councils to charge next year will remain below those charged by housing associations for similar properties. In most cases they will also remain well below market rents. For those eligible, Housing Benefit will continue to meet the costs for tenants who cannot afford to pay.

A large, stylized handwritten signature in blue ink, appearing to read "Grant Shapps".

GRANT SHAPPS MP