

Report to the Council

Committee: Cabinet

Date: 29.6.10

Portfolio Holder: Councillor C Whitbread
(Finance and Economic Development)

Item: 12A

1. HOUSING REVENUE ACCOUNT SUBSIDY SYSTEM - REFORM

Recommending:

That the Council's draft response to the Government consultation (attached at Appendix 1 of the report) be approved.

- 1.1 In July 2009, the Department for Communities and Local Government (CLG) published a Consultation Paper "Reform of Council Housing Finance" following a review of council housing finance which began in March 2008. The problems with the current HRA subsidy system, addressed in the review, are many and varied. They include:
- lack of transparency and accountability between landlords and tenants.
 - growing complexity in the way resources are distributed.
 - increasing volatility in funding allocations making planning very difficult; and
 - since 2007, the system being in overall surplus – so that an element of tenants rents supports other Government spending, not just (as was previously the case) spending by other housing authorities.
- 1.2 Following the conclusion of the consultation on HRA reform at the end of October 2009, CLG has been working on a prospectus (which came out on 25 March 2010) for a voluntary offer to local authorities to buy themselves out of the current HRA subsidy system.
- 1.3 At Cabinet on 1 February it was agreed that once the offer had been made by CLG that the Cabinet Committee on Finance & Performance Management be requested to consider the issues and to recommend to the Cabinet a response from the Council. It was also noted that the appointment of Consult CIH Ltd would be made to advise the Council on all the issues relating to the offer.
- 1.4 The Cabinet Committee on Finance & Performance Management has considered the views of the Consultants and Council officers and a recommended draft response to the Government is attached as the Appendix to this report.