

**FULL COUNCIL MEETING ON 20 OCTOBER 2009 – Consideration of a recommendation from Community and Housing Committee on Review of Council Housing Finance – Item 8(ii)**

The following report reproduces in full the Minute of the Community and Housing Committee meeting on 17 September 2009, followed by the original report submitted to that meeting.

CH27      **REVIEW OF COUNCIL HOUSE FINANCE**

The Lead Officer introduced a report on the Government's proposals to reform council housing finance and the draft response to the Government consultation. The Chairman said there were certain aspects of the proposals to be welcomed. However, this Council was to be allocated a proportion of a £17bn debt, despite it having incurred none of this debt, so in fact there was no real change from the position under the negative housing subsidy.

Mrs Cornell said the Tenant Forum had been through the proposals, and were very concerned that a huge housing debt would have to be serviced by tenants. The Council's responses to the proposals should express the hope that negotiations with authorities should take place.

Councillor Morson said he had two very serious concerns: the Council did not know how much it would have to pay, so there was no knowing whether we might be worse off than before; and he was very uncomfortable about signing up to a proportion of a debt, no part of which we had incurred. He was concerned that council rents might be increased as a result.

The Chairman agreed with these points. Councillor Schneider said the proposals to pay a part of this debt were unfair, and this Council wanted the money to reinvest in social housing.

Councillor Redfern said the responses needed to make the point that this Council ran a good housing department, and felt we were being punished unfairly.

Various amendments to the proposed responses were agreed, and it was

RESOLVED that, subject to amendments to the draft responses (to questions 6 and 12 detailed below), the Committee approve the Council's consultation response for consideration by Full Council on 20 October.

*Amended response to question 6:* 'The Council welcomes the proposal to abolish the housing subsidy system.

However, as a debt-free Council that has a long history of maintaining its stock in good order, we are most strongly

opposed to the principle of having other councils' debt allocated to us, and in turn, our tenants.

Depending on the amounts involved, this could be as unfair as the present subsidy system.

If, as proposed, debt allocation will achieve neutrality with the subsidy system, it would take years before benefits are felt locally. Meanwhile, the unfairness would continue.

The Government has not demonstrated why debt free Councils should be expected to pay for debt that other authorities have not repaid.

If the Government proceeds with this proposal, negotiations with councils must take place over the allocation of debt.'

*Amended response to question 12:* 'We support the proposal to discontinue the pooling system.'