

Finance & Administration Committee 17 June 2010

Agenda item 8 – Housing Finance Reform

The proposed consultation responses, with **amendments** suggested by the Community & Housing Committee on 10 June, are below.

| Consultation questions | Proposed response |
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| 1. What are your views on the proposed methodology for assessing income and spending needs under self-financing and for valuing each council's business? | The methodology seems fair. |
| 2. What are your views on the proposals for the financial, regulatory and accounting framework for self-financing? | In general, the Council welcomes the proposals. Changes to capital financing accounting rules must be made to avoid additional costs being incurred by the General Fund. The regulatory framework should include a reduced requirement for submitting data returns and a reduced external audit burden. |
| 3. How much new supply could this settlement enable you to deliver, if combined with social housing grant? | Clarification is requested as to whether local targets are to be set and over what duration. Our analysis suggests that 135 new homes could be financed from social housing grant and borrowing funded by rental income earned from new properties. Analysis also suggests that up to 450 new homes could be funded but this would require re-phasing of capital works on the existing stock and subsidy from existing council tenants. |
| 4. Do you favour a self-financing system for council housing or the continuation of a nationally redistributive subsidy system? | The Council is strongly in favour of abolishing the redistributive subsidy system. Until the present system is abolished, the Council feels that the negative housing subsidy payments it will continue to make are unfair. The Council recognises notes that the Self Financing Prospectus is an improvement on the present system and in principle, would supports the proposals should no further alternatives be suggested . The Council strongly feels it would be preferable for the Government to write off historic housing debt and discontinue the subsidy system without requiring a large up front payment to be made. This has been a major campaign of the Council for many years and we would urge the new Government to support this initiative. |
| 5. Would you wish to proceed to early voluntary implementation of self-financing on the basis of the methodology and principles proposed in this document? Would you be ready to implement self financing in 2011-12? If not, how much time do you think is required to prepare for implementation? | Yes Yes Not applicable |
| 6. If you favour self-financing but do not wish to proceed on the basis of the proposals in this document, what are the reasons? | Not applicable |