

REPORT FOR: CABINET

Date: 14 January 2010

Subject: Housing Revenue Account Reform

Key Decision: No

Responsible Officer: Lynne Pennington, Interim Divisional Director Housing

Portfolio Holder: Councillor Barry Macleod-Cullinane, Portfolio Holder for Adults and Housing

Exempt: No

Decision subject to Call-in: Yes

Enclosures: Appendix 1 – Reference from Overview and Scrutiny Committee
Appendix 2 - Overview & Scrutiny Committee Report on HRA Challenge Panel

Section 1 – Summary and Recommendations

This report sets out the Department for Communities and Local Government [DCLG] Reform of Council Housing Finance consultation and the implications for Council Housing in Harrow.

Recommendations:

Cabinet is requested to:

- a) Consider the recommendations from the HRA Review challenge panel.

Reason: To note the issues affecting the Housing Revenue Account.

Section 2 – Report

Introductory paragraph

In July 2009 Department for Communities and Local Government [DCLG] published a consultation document on the Reform of Council Housing Finance.

The Department signalled its intention to dismantle the current Housing Revenue Account subsidy system and replace it with a devolved system of self-financing for all local authorities. Self-financing of the HRA would be dependent on a one-off allocation of housing debt, after which councils would be able to keep all rental income. An alternative option to retain but improve the current system was also proposed.

Local authorities were asked for views on the preferred option of self-financing [in response to a number of specific questions] and the practicalities of implementing self-financing.

Options considered

Officers within both the Housing and Corporate Finance Division, were invited to attend a challenge panel by the Overview and Scrutiny Committee on 22nd October.

The purpose of the challenge panel was to address the impact of the proposals and enable a joint response to be provided in relation to the consultation from the Council.

The issues affecting the HRA are addressed in Appendix 1 attached.

Financial Implications

Annually the HRA contributes to national housing debt via the current subsidy system [estimate £6.8m 2009-10]. These proposals would see the HRA take on additional debt but retain rental income, thereby no longer being required to make annual contributions.

The consultation does not detail the debt that would be allocated to individual authorities, and as a result it is not possible at this stage to quantify the impact of the proposals. All issues are addressed in Appendix 1.

Performance Issues

The reform of council housing finance, subject to clarity on the impact of debt allocation, could improve the long term viability of the HRA as a result of increased resources.

Having reviewed the indicators it is difficult to identify those more likely to improve as a result. However, improved financial management of the Housing Revenue Account will assist the Use of Resources element of the CAA, in particular a robust viable HRA will be able to plan resources effectively to deliver strategic priorities and service needs. This is likely to be received positively from council residents and external regulators [such as the Tenant Service Authority].

Environmental Impact

There are no environmental issues arising from this report.

Risk Management Implications

Risk included on Directorate risk register? Yes

Corporate Priorities

The HRA provides a landlord function to tenants in council dwellings, which incorporates the following council priorities:

- Improve support for vulnerable people
- Build stronger communities

Section 3 - Statutory Officer Clearance

Name: Jennifer Hydari	<input checked="" type="checkbox"/>	on behalf of the* Chief Financial Officer
Date: 22 December 2009		
Name: Paresh Mehta	<input checked="" type="checkbox"/>	on behalf of the* Monitoring Officer
Date: 6 January 2010		

Section 4 - Performance Officer Clearance

Name: David Harrington	<input checked="" type="checkbox"/>	on behalf of the* Divisional Director Partnership, Development and Performance
Date: 29 th December 2009		

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards



Divisional Director
(Environmental
Services)

Date: 22nd December 2009

Section 6 - Contact Details and Background Papers

Contact:

Donna Edwards

Adults & Housing Finance Business Partner

Telephone: 020-8424-1140

Background Papers:

DCLG Reform of council housing finance: Consultation, July 2009

<http://www.communities.gov.uk/publications/housing/councilhousingconsultation>

Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee

NOT APPLICABLE

*(for completion by Democratic
Services staff only)*